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Sample Comprehensive Audit Report

5 February 2020

eftsure

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Mr John Citizen
Chief Financial Officer
123 Bank Road
Big Town NSW 1234

Dear John,

Company XYZ Vendor Master File Comprehensive Audit Report

We refer to our engagement to conduct a comprehensive review of your Vendor Master File.

The Vendor Master File (VMF) is the source file where your banking details are recorded and consequent electronic payments derived. The accuracy of the VMF is critically important to an organisation making payments by electronic funds transfer.

eftsure™ specialise in electronic payment authentication services to businesses focussed on mitigating risk in the electronic payment process. Being a completely independent third party enables eftsure's verification service to provide the highest level of confirmation of an organisation's electronic payment validity.

Comprehensive Audit Report

eftsure™ has performed our comprehensive verification procedures on your VMF comprising of:

- 1) An analysis of the VMF, checking for inconsistencies, duplicates, missing information;
- 2) Verification of the accuracy of the bank account details stored in your VMF against the eftsure™ List; and
- 3) Contacting your suppliers who have not previously been verified by us to confirm their bank account details.

A detailed report is attached. Should you require any further information please don't hesitate to contact us.

Kind Regards,



Ian Mirels

Business Development Director

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Company XYZ

Vendor Master File (VMF) Comprehensive Audit Report

Detailed Report 05th February, 2020

Summary of Supplier Records:

Total supplier records received with bank account details	100
Total supplier records received with bank account details and valid email addresses	90
Supplier responses received by us or cross verified to eftsure™ List	70
Suppliers with invalid or missing email addresses and hence not contactable (a list of these records have been provided at the end of this report)	10

Findings

We have detected a number of supplier records in your VMF which were found to be problematic and requiring review. This is summarised below:

Risk	Report Section	Item	Explanation	No. of Records
●	A	Incorrect bank account number	Supplier has reported that their bank account <u>number</u> in your VMF is incorrect.	6
●	B	Similar bank account name but different account number	We have found the supplier <u>bank account name</u> (or similar name) in the eftsure™ list, however the corresponding <u>bank account number</u> in your VMF is different to what our other customers have in their VMF.	10
●	C	Duplicate supplier records	Your VMF has multiple supplier records for the same <u>bank account number</u> . Also the <u>bank account names</u> in the duplicate supplier records are often not the same.	11
●	D	Mismatch with supplier's official bank account name	Supplier has reported that their official bank account <u>name</u> does not match the bank account <u>name</u> in your VMF.	4
●	E	Mismatch with supplier's bank account name in other customers' VMFs	Your VMF and other eftsure™ customers' VMF's have the same bank account <u>number</u> for a given supplier but with different bank account <u>names</u> .	5
●	F	Mismatch with supplier's reported ABN	Supplier has reported that their ABN does not match the ABN in your VMF.	2

Note: This is a fictional report. The content of this report is for informational purposes only.

•	G	Invalid ABNs	Supplier has an invalid, cancelled or updated ABN.	1
•	H	ABN mismatch with ASIC registered Company Name	Supplier company name or bank account name in your VMF does not match ASIC registered company name for the associated ABN.	3
•	I	Not registered for GST	Supplier is not registered for GST. Their invoice issued may incorrectly charge GST.	3
•	J	Supplier comments	Supplier has entered a comment during the verification process	2
	Total			47

Please note not all of your suppliers have responded as at the date of this report. The relevant suppliers will be followed up each time you make a payment to them whilst using the eftsure™ bank extension program.

Conclusion

These deficiencies in your VMF can lead to errors when making payments to suppliers and/or can be exploited for fraud. We recommend you take action to review and rectify these supplier records identified.

A. Incorrect Bank Account Number

The following suppliers have reported that their bank account number in your VMF is incorrect.

#	Bank Account Number	Bank Account Name	Supplier Name	Supplier Email	Supplier Code	Supplier Comment and verification details
1	182-222 303024988	RURAL MINING PARTNERS	Rural Mining Partners	info@ruralmining.com.au	112	
2	032-289 770378	CORPORATE TRADERS CO	Corporate Traders Co	info@corporatetraders.co	864	BSB details were incorrect
3	011-388 146135	CONGLOMERATE ENTERPRISES INC	Conglomerate Enterprises Inc	info@conglomerate.com	772	Our bank details have changed please contact ASAP
4	061-777 00144523	STEEL SUPPLIERS LTD	Steel Suppliers Ltd	admin@steelsuppliers.com	499	
5	073-189 15272583	DIGITAL RETAILERS INCORPORATED	Digital Retailers Incorporated	admin@digitalretail.com	631	
6	087-164 10655393	FARMGATE PRODUCE CO	Farmgate Produce Co	info@farmgate.com	2144	

Implication

Payments made to these bank accounts may not arrive in the intended recipient's bank account. It's possible that payments are being made to a recognisable payee name but are being intentionally or erroneously misdirected to another bank account.

Action Recommended

We recommend you immediately contact these suppliers to obtain proof of their correct bank account details and update your records prior to any further payments being made to them.

B. Similar Bank Account Name but Different Account Number

The following suppliers' bank account numbers in **your** VMF is different to what our other customers have recorded in **their** VMF's for the same (or similar) supplier.

Account Numbers **highlighted in red** indicate that a higher level of scrutiny is required because these suppliers have been identified as more likely to maintain a single bank account number for multiple customers.

#	Bank Account Number (your records)	Similar Bank Account Names (other customers)	Bank Account Name (your records)	Supplier Name (your records)	Supplier Code (your records)
1	033-000 000797030	INSURANCE PROVIDERS ONLINE	INSURANCE PROVIDERS ONLINE	Insurance Providers Online	612
2	484-799 001669869	FLIGHT BOOKING AGENT PTY	FLIGHT BOOKING AGENT PTY	Flight Booking Agent Pty	5357
3	112-879 035636105	TABLOID NEWS PROVIDER PTY LTD	TABLOID NEWS PTY LTD	Tabloid News Pty Ltd	986
4	114-879 057449263	SEARCH ENGINE OPTIMIZER CO	SEARCH ENGINE OPTIMIZER CO	Search Engine Optimizer Co	12
5	484-799 070238511	FUNCTIONAL BEVERAGE GROUP	FUNCTIONAL BEVERAGE GROUP	Functional Beverage Group	367
6	063-776 07771347	FAMILY ACCOUNTANTS	FAMILY ACCOUNTANTS	Family Accountants	4902
7	062-820 10001347	TECHNOLOGY SOLUTIONS CO	TECHNOLOGY SOLUTIONS CO	Technology Solutions Co	2293
8	654-019 100070144	EFFICIENT ENERGY RESEARCH GROUP	EFFICIENT ENERGY RESEARCH GROUP	Efficient Energy Research Group	830

Implication

Given that we have identified that other eftsure™ customers are paying suppliers (similar to or identical to your suppliers) but to a different bank account number, it's possible that payments are being made to a recognisable payee name but instead are being intentionally or erroneously misdirected to another bank account.

Please note in some instances there may be valid reasons for a different bank account number, which could include a supplier policy of setting up unique bank accounts for each of their customers; suppliers as part of a franchise group; sole traders with the same name or suppliers with similar names etc.

Action Recommended

We recommend you carefully review these suppliers (**in particular the ones highlighted in red**) and where applicable immediately make contact with your suppliers to obtain proof of their correct bank account details and update your records prior to any further payments being made to them.

C. Duplicate Supplier Records

The following suppliers in your VMF have multiple separate supplier records for the same bank account number. Furthermore, the bank account names in the duplicate supplier records are often not the same. In those cases, at least one entry in each duplicate set has an incorrect bank account name. This is because every unique bank account number can only have one official bank account name.

#	Bank Account Number	Bank Account Name	Supplier Name	Supplier Code
1	094-814 012131	AB ACCOUNTING FIRM	AB Accounting Firm	218
		AB ACCOUNTS PAYABLE	AB Accounts Payable	892
		JACK CITIZEN	Jack Citizen	903
2	023-366 119377144	FRESH FOOD PROVIDER	Fresh Food Provider	19
		BOB MAGEE	Bob Magee	88
3	098-305 713399426	NON FOR PROFIT SERVICE	Non for Profit Service	3912
		NON PROFIT SERVICE PROVIDER	Non Profit Service Provider	71
4	066-001 533924406	ELECTRONICS RETAILER	Electronics Retailer	20
		ELECTRONICS DIGITAL RETAILER	Electronics Digital Retailer	73
5	044-491 478992203	JOHN MALONE	John Malone	891
		BRICK AND MORTAR STORE LTD PTY	Brick and Mortar Store Pty Ltd	3462

Implication

Allowing duplicates in a VMF provides an opportunity for fraud and error to occur.

Action Recommended

We recommend (to the extent permitted by your accounting system and to ensure no historical data is lost) that duplicates be deleted or at the very least made inactive and password protected so that no further payments can be made to a duplicate supplier.

D. Mismatch with Supplier's Official Bank Account Name

The following suppliers have reported that their official bank account name does not match the supplier bank account name recorded in your VMF.

Where there is more than one name in the “bank account name” column or “supplier name” column it means that you have multiple supplier entries for the same bank account number.

#	Bank Account Number	Supplier-verified Bank Account Name (eftsure™ Database)	Bank Account Name (your records)	Supplier Name (your records)	Supplier Code (your records)
1	082-212 32307000	BUDGET AIRLINE CARRIER	JOHN SMITH	John Smith	189
2	032-289 770378	LOCAL HARDWARE STORE	HARDWARE ONLINE	Hardware Online Co	228901
3	022-264 10778999	CLOUD COMPUTER SOFTWARE CO	DIGITAL SOFTWARE DEVELOPERS CO	Digital Software Developers Co	779
4	047-299 70988324	EQUITY INVESTORS GROUP PTY LTD	LEVERAGE INVESTORS SYNDICATE PTY LTD	Leverage Investors Syndicate Pty Ltd	13

Implication

Allowing unmonitored incorrect payee naming in a VMF can be exploited for fraud or lead to errors in payments.

Action Recommended

We recommend you update your records to reflect the correct official bank account name or alias of this name so that future eftsure™ bank verification messaging does not report errors.

E. Mismatch with Supplier's Bank Account Name in Other Customers' VMFs

The following suppliers in your VMF have a different bank account name when compared to other eftsure™ customers VMF's.

Where there is more than one name in the "bank account" column or "supplier name" column it means that you have multiple supplier entries for the same bank account number.

#	Bank Account Number	Bank Account Names (used by other eftsure™ customers)	Bank Account Name (your records)	Supplier Name (your records)	Supplier Code (your records)
1	011-013 67130018	STATIONARY SUPPLIER PTY LTD	LOCAL RESTAURANT PTY LTD	Local Restaurant Pty Ltd	721
2	001-003 1105667	CAR LEASE COMPANY	CAR LOVERS COMPANY	Car Lovers Company	604
3	092-085 1144796	CORPORATE SYNERGIES CO	MEDICAL SUPPLIERS CO	Medical Suppliers Co	15
4	062-000 14223862	SOCIAL CAPITAL INSURERS LTD	INSURANCE FLOAT LTD	Insurance Float Ltd	89
5	012-289 241798	CORNER CAFE PTY	MAX LEVCHIN	Max Levchin	936
			CORNER CAFE PTY	Corner Cafe Pty	154

Implication

Allowing unmonitored incorrect payee naming in a VMF can be exploited for fraud or lead to errors in payments.

Action Recommended

We recommend you carefully review this list and, to the extent your records appear incorrect compared to the way other eftsure customers have recorded your suppliers' details, you should immediately make contact with these suppliers to obtain proof of their current bank account details and update your records prior to any further payments being made to them.

F. Mismatch with supplier's reported ABN

Supplier has reported that their ABN does not match the ABN in your VMF.

#	ABN (your records)	Supplier-verified ABN (eftsurre™ Database)	Supplier Name (your records)	Bank Account Name (your records)	Supplier Code (your records)
1	22334455667	11116971854	X Insurance Pty Ltd	Insurance Pty Ltd	456
2	11224478371	22220016722	Professional Industries	Professional Industries	133

Implication

Allowing incorrect ABNs to go unchecked in a VMF can be exploited for fraudulent behaviour from a business incorrectly representing itself and can have negative GST withholding implications for your business.

Action Recommended

We recommend you immediately check the ABNs used by these suppliers and update your records prior to any further payments being made to them.

G. Invalid ABNs

The following suppliers have Invalid, Cancelled or Updated ABNs.

#	ABN (your records)	ABN Status (ASIC records)	Supplier Name (your records)	Supplier Code (your records)
1	12 456 789 010	Cancelled	Blacksmith Co	76

Implication

Allowing Invalid, Cancelled or Updated ABNs to go unchecked in a VMF can be exploited for fraudulent behaviour from a business incorrectly representing itself and can have negative Withholding Tax implications for your business.

Action Recommended

We recommend you immediately make contact with these suppliers to obtain proof of their correct ABN and update your records prior to any further payments being made to them.

H. ABN mismatch with ASIC registered Company Name

The following suppliers' company name or bank account name in your VMF does not match ASIC registered company name for the associated ABN.

#	ABN (your records)*	ASIC Registered Company Names (ASIC records)	Supplier Name (your records)	Bank Account Name (your records)	Supplier Code (your records)
1	01234567890	Company Pty Ltd	A Company	Company AA	24
2	12456789123	WATER COOLERS PTY LTD	John Smith Constructions Ltd	JOHN SMITH CONSTRUCTIONS LTD	89
3	32165498712	Compu Service Pty Ltd	CompuServe	CompuServe	82

Implication

Allowing ABNs to go unchecked in a VMF can be exploited for fraudulent behaviour from a business incorrectly representing their company name as part of an unrelated legitimately registered company.

Action Recommended

We recommend you immediately contact these suppliers to obtain proof of their correct ABN and update your records prior to any further payments being made to them.

I. Not registered for GST

The following suppliers are not registered for GST.

#	ABN (your records)	GST Status (ASIC records)	Supplier Name (your records)	Supplier Code (your records)
1	98 765 432 101	Not Registered	Print Scan Copy Pty Ltd	101
2	10 111 222 333	Not Registered	Cloud Computer Software	779
3	99 887 766 554	Not Registered	John Malone	891

Implication

If these suppliers current invoices include GST then their invoices may not be valid. This may result in the payer of the invoice incorrectly claiming GST because the supplier will not be paying the GST to the Australian Taxation Office.

Action Recommended

We recommend you immediately make contact with these suppliers to obtain proof of their GST registration status and if not registered to ask them to reissue the invoice without GST before payment is made.

J. Supplier comments

The following suppliers have entered a comment during the verification process.

#	Supplier Code (your records)	Supplier Name (your records)	Comment
1	555	Wealth Pty Ltd	Our email accounts email has changed. Please send all accounts related concerns to accounts@wealth.com.au
2	321	Insurance Company	We no longer deal with Company XYZ. Please take us off your records.

Implication

If these suppliers have entered a comment they may require you to update your records.

Action Recommended

We recommend you review the suppliers' comments and update your records as required.

K. Invalid or Missing Email Addresses

The following suppliers were contacted but the email addresses provided were invalid and therefore could not be verified:

Supplier Code (your records)	Supplier Name (your Records)	Supplier Email Address
000889	City Barber Pty Ltd	info@citybarber.com.au
000798	Philanthropic Foundation	info@philanthropic.org.au
000068	Manufacturing Conglomerate Co	admin@manufacturingcong.com
006124	Takeout Restaurant Pty Ltd	contact@takeout.com.au

The following suppliers were excluded from the comprehensive reporting process either at their request or because they appear to have your internal company email address:

Supplier Code (your records)	Supplier Name (your Records)	Supplier Email Address
002238	New Media Company	info@nmc.com.au
000008	Company XYZ Trust Account	trust@companyxyz.com.au

The following suppliers had no email addresses and therefore could not be verified:

Supplier Code (your records)	Supplier Name (your records)
002455	Postage Courier Pty Ltd
001871	Legal Consultants Co
000041	Online Payment Provider Ltd
000636	Network Cable Company

Action Recommended

If the above suppliers are still valid trading partners of your business, please can you provide email addresses for them so that the verification process can be completed through the use of the eftsure™ bank extension program.