How One Company Saved
$300,000 on Audit Fees
With Workiva

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The audit process for this U.S.-based insurance company was costly and inefficient. Since the company had just gone through an expedited IPO, the audit firm had a difficult time getting all the support they needed and they struggled to understand the processes the company was using.

The Workiva platform was new to the company, but a director of financial reporting had used it in previous roles at other companies, and he saw an opportunity to fundamentally transform their process and make both internal teams and their audit firm more productive and effective.

As a result of the company's transformation with Workiva, they were able to reduce their audit fees by $300,000 annually.

If you are looking to reduce your statutory audit fees, here's how he did it.

Centralized in a single cloud platform

Every year, approximately 40 team members from one of the Big 4 firms would be brought in to certify their reports. The director would obtain the list of everyone from the auditor who would be on the engagement and invite them into a Workiva workspace.

The director would hold a training session for the auditors to teach them how to use the platform and to show them where they would be looking for the support documents from the company.

"I never received any formal training, but I was able to become a super user just by interacting with my Customer Success Manager and using the platform," the director said.

The company would obtain the supporting documents from their business partners and place it on the Workiva platform, labelling everything with information about where it was coming from and connecting it to their end reports. The auditor would then go into the workspace, review it, and ask any questions, and this was all contained within the Workiva platform.

"That was a big key, because once we had all the documentation in the platform, we had a clear audit trail," he said. "Most importantly, as soon as it was available to us and added to the workspace, it was available to our audit team. This saved them a lot of time trying to get information. And, since they could see who added it to the platform, they also knew who to contact if they had any questions."

"By using Workiva, we were able to make significant process improvements. Plus, we improved our controls environment, and therefore the quality of what was produced and audited also improved," he said. "This put us in a position to start the conversation with our auditors to show them the results of the changes we had experienced."

Fundamentally transformed their process

Since the company had fundamentally transformed their process, both internal teams and their audit firm saw improvements in their productivity and effectiveness. With Workiva, the company realized the following benefits:

- Reduced manual touch points

- Standardized data and document models across all country reports

- Centralized all documents in the platform

- All activity is automatically logged in the platform, creating a complete audit trail

- Streamlined collaborative review

- Traceable disclosures—linked values followed back to supporting documentation

- Improved document management

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>
> —*Director of Financial Reporting, U.S.-Based Insurance Company*

Company

U.S.-Based Insurance Company

Disconnected Challenges

The controls and financial reporting process was inefficient and lacked transparency and as a result, their audit fees were very costly.

Connected Solution

The U.S.-based insurance company adopted the Workiva platform to transform their process.

Connected Results

- Saved $300,000 annually on audit fees

- Reduced manual touch points, standardised document and data models and centralised all documents in the platform

- All activity is logged in the platform, providing a complete audit trail

Why the company chose Workiva

- All internal teams and the audit firm could work together in one platform

- The platform is intuitive, making it easy for new users to adopt

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Time is money

As a result of these improvements, the time required for their audit was drastically reduced. Time is the critical factor that drives audit fees—the more time the auditor has to spend on an audit, the more they are going to charge.

In order for the company to be able to negotiate their audit fees down, it was necessary for the director to provide trackable metrics to the auditor to show how their process improved and how it shortened the time required for the audit. These included:

- Fewer report turns between client and auditor.

- The number of recurring and non-recurring adjustments declined.

- An increase in the number of attachments—proof of improved evidence substantiation.

- The number of links as indicators of connectivity—proof that their data is accurate since the company connected all of their spreadsheets, documents, and presentations.

- The number of email requests from the audit team decreased—a clear indication that the audit team had the information they needed.

- The number of comments decreased from over 300 to less than 100.

- The number of errors decreased since their different reports were all linked to the same source.

- The team was able to hit all deadlines.

Talking points for cost discussion with auditors

"Reducing our audit fees was an outcome of our transformation with Workiva," the director said. "Once we had streamlined the entity reporting process and improved the quality of audits, we asked our auditors questions that we could connect to tangible benefits we had realized."

- How would the implementation of automated data retrieval reduce the risk associated with our audit?

- How would centralizing our documentation reduce the time required to obtain audit evidence?

- We have provided a bridge of all adjustments, linked back to supporting documentation. How has this affected our risk assessment?

- How would improved control reliance through technology affect the number of detailed sampling procedures?

- Would an improved means to distribute, gather and track PBC evidence affect the overall time it takes you to perform testing?

- Given Workiva helps make explicit who specifically is involved in the processes record to report (data preparation, manipulation, supporting documentation upload, report itself etc.), would this reduce the time spent chasing down who to ask when there are questions during the audit process?

"If you have transformed your process with Workiva and you are asking these questions to your auditor, but they still aren't reducing the fees, then you need to understand why," he said.

See what Workiva can do for you. Go to **workiva.com/request-demo**

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