

IN TODAY'S FAST PACED BUSINESS ENVIRONMENT, DEALERS HAVE ALL THEY CAN HANDLE JUST TO KEEP UP WITH THE MULTITUDE OF ISSUES THAT ARISE ON A DAILY BASIS.....

SO HOW CAN A DEALER REALLY KNOW IF THEY HAVE A PROBLEM?



# DEALER INTERNAL AUDITING PROGRAMS

## MENU OF SERVICES

HERE IS YOUR OPPORTUNITY TO HAVE GREATER PEACE OF MIND.....

*"Crumback & Associates has some of the smartest CPA's that I've ever met. I don't expect I would find a better group of CPA's or dealership consultants in our industry.*

*Maybe there are some as good, but none better"*

*The Largest Chevrolet Dealer in Virginia*

Our Goal Is To Be There With You  
Every Step of The Way

## ABOUT CRUMBACK & ASSOCIATES

Meeting the needs of our Dealership community is a core mission of our firm. In response to increasing demand from dealers, we have developed specific tests and procedures designed to look at your current policies and practices in several critical areas related to your internal controls and proficiency in your Sales, F&I, Accounting and Personnel Departments.

All of our Internal Audit and Operational Review Programs are designed to deliver a cost-effective way for dealers to measure their dealership policies and record keeping practices against the Best Practices in the Auto Dealer Industry

Our programs are inexpensive and our services are completed in just one or two days to give you timely feedback and recommendations that address your needs.

Our team of consultants allows you to bring an extremely high level of experience and knowledge into your dealership on an "as-needed" basis allowing you to control both your cost and your need to review only the areas where you are concerned.



## SPECIALIZED EXPERIENCE

For many years, we have worked solely with car dealers in the Washington-Baltimore Region and surrounding Mid-Atlantic regions.

Whether you are a single point dealer or a large multi-point dealer group, we have the experience and knowledge necessary to serve your needs. We are familiar with a wide range of issues, specific to Auto Dealers, regarding tax regulations, financial reporting and controls, operational benchmarks and regulatory compliance matters.

## BUSINESS OBJECTIVES

Create an environment where dealers can be served by experienced CPA's who really know their business.

Provide our clients with prompt attention, solutions to their unique needs as auto dealers, and an excellent return on their investment.

Deliver cost-efficient services to our clients by minimizing overhead and administrative costs that fail to provide direct benefits to our dealer clients.

Execute a business plan that is 100% committed to serving auto dealers. This means focused education, research and product development. Hiring employees with dealership experience and providing specific training to support our exclusive clients.

Participate in the dealership community with active involvement with all dealer associations and providing educational opportunities to dealers and their employees.

**Is your CPA costing you money? Too often, CPA's are an annual expense for a dealer. Instead, they should be a profit center!** If your CPA is not finding ways to reduce taxes, cut expenses and enhance your profits you are in luck.....that's our Specialty

## ACCOUNTING OPERATIONS

Fraud is common among dealerships when the accounting department is unable to keep up with the day-to-day activities of the dealership or has failed to follow simple, ordinary control and safeguarding procedures intended to keep your dealership safe.

Profits are squandered as a result of poor recording keeping, slow and inaccurate reporting and a lack of disciplined asset management. These failures often times result in uncollected receivables, lost returns on assets and unnecessary and excessive expenses.

You may suspect that your accounting operations are not functioning properly or at their fullest potential. Or more simply, you are just not sure, and given your lack of accounting background have no idea how to find out.

When it comes to trying to figure out the status of your accounting department operations, the consultants at Crumback & Associates, LLC have a wealth of experience working with dealers in this area.

We have performed hundreds of engagements for both small dealerships and large public and non-public dealership groups. Based on our experience with our clients, we have created several different ways for you to address any concerns you may be having

## PROBLEM INDICATORS

If you're not sure whether or not you need some help, review the following list of some common factors that may indicate a need for further investigation:

- Bank Reconciliations are not completed timely
- Deals are not posted timely and daily docs are lagging behind reality
- Duplicate and corrective Payments to Vendors
- Many old or large receivable balances
- Consistent write-offs for unknown and unresolved items
- Large schedules with old and unusual balances
- Floorplan out-of-trust violations
- Unusual and unpredictable swings in expense accounts
- Customer and employee complaints regarding transaction accuracy
- Notices of infractions, penalties and fines from regulatory agencies

If you think you may have a problem, we can help you.

We offer three different levels of service including:

Level One— Quick Check-Up

Level Two— Internal Audit of all major accounts

Level Three—Custom Internal Audit Programs tailored to meet your specific needs and concerns.

## PROGRAM OVERVIEW

The Quick Check-Up is a 2 day review of the fundamentals that should be present in your accounting operations. We will assess whether or not the basic tasks expected of an accounting department are being performed properly and timely.

Areas of weakness than can lead to unwanted losses will be identified immediately.

## PROGRAM PROCEDURES

Our step-by-step process begins with an interview with the dealer and/or GM to get an understanding of the perception of the accounting department's performance, isolate any specific concerns you may have, and identify the improvements you believe are needed.

The general ledger will be analyzed with particular attention given to all balance sheet accounts. For all accounts that are scheduled, a detailed review of the schedules will be completed to ascertain the reasonableness of the items and their aging. For other selected accounts, back-up support will be examined to determine if the accounts are properly stated.

A review of the following reconciliations will be conducted to verify that they are being completed and appear reasonable:

- Bank Reconciliations
- Finance Reserve Reconciliations
- New & Used Vehicle Inventory Reconciliations
- Parts Physical Inventory Reconciliations
- Monthly Parts Pad Reconciliations
- Floorplan Reconciliations
- Factory Payable Reconciliations
- Inter-Company Reconciliations (if applicable)

We also will inspect the cancelled checks from the most recent bank statement and select a few items to ascertain that there is proper supporting documentation and approval. Lastly, the dealer's manufacturer financial statement and DOC are examined to assess their completeness and the conformity between the two documents.

## PROGRAM REPORT AND CONFERENCE

At the completion of the program, an exit conference will be conducted between our consultant and the dealer or authorized personnel. A written report will be presented identifying areas requiring attention.

The dealership can create its own action plan for implementation or consult further with Crumback & Associates, LLC to establish required plans.

**PRICE**  
**\$ 3 , 5 0 0**

## PROGRAM OVERVIEW

This program is more comprehensive than the Quick Check-Up and will take between three and four days. For this program we dig into the supporting documents and details behind the transactions providing a true “audit” of selected transactions from virtually every department in your store and all significant asset and liability accounts.

Often times, your account schedules and reconciliations can be manipulated to “appear” normal when in reality, there can be significant cause for concern. Going beneath the surface into the actual details behind your transactions and reconciliations will give you the most assurance that your records are up to par. Only hiring a full-time internal auditor could provide more assurance.

For example, in the Quick Check-Up, bank reconciliations are examined to determine that they are being completed and appear reasonable. The Internal Audit Program takes this to the next level by selecting reconciling items (deposits, checks, journal entries, etc.) and tracing them to supporting independent third-party documentation to determine if they are correct. If there isn't proper segregation of duties and theft is occurring, then the improper completion of a reconciliation to hide a fraudulent activity may only be discovered during an internal audit.

Going beyond the typical balance sheet accounts, our Internal Audit Program also looks at both sales and expense transactions to verify that they are being recorded properly and supported by appropriate documentation and authorizations.

## PROGRAM PROCEDURES

Once again, our step-by-step process begins with an interview with the dealer to get an understanding of the perception of the accounting department's performance and isolate any specific concerns you may have.

Further interviews are conducted with the controller to gain an understanding of the current accounting policies and procedures that are supposed to be present in the dealership. We will also ascertain how the various accounting functions are allocated among the department staff to determine if there is proper segregation of duties and efficient allocations of responsibilities.

Our interviews are followed by extensive testing procedures including the following:

Trace 20 Cash Disbursements to their supporting invoices to determine if they were recorded correctly and properly authorized

Trace 10 Sales Transactions and Customer Receivables to their Deal Files to determine if the deal was properly recorded as documented in the actual deal agreements with the customer.

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|--|---|
| √ Signed Buyers Orders                 | √ Odometer Statements                     |
| √ Signed Retail Installment Contract   | √ Signed F&I Menus                        |
| √ Application for Certificate of Title | √ Rebate/Incentive Forms                  |
| √ Privacy Notice                       | √ Agreement to furnish Insurance Policies |
| √ Credit Application and Reports       | √ Buyers Guides (used vehicles only)      |

## ACCOUNTING OPERATIONS—INTERNAL AUDIT

### PROGRAM PROCEDURES— CONTINUED

At least 20 Journal Entries will be traced to supporting documentation and authorizations

Selected Items listed on all reconciliations will be traced to their supporting documentation

### PROGRAM REPORT AND CONFERENCE

At the completion of the program, an exit conference will be conducted between our consultant and the dealer or authorized personnel. The dealer will receive an Executive Summary Report that will detail the compliance issues and the action plan necessary to rectify any internal control deficiencies.

The dealership can create its own action plan for implementation or consult further with Crumback & Associates, LLC to establish required plans.

**PRICE**  
**\$ 5,500**

## ACCOUNTING OPERATIONS—CUSTOM INTERNAL AUDIT

### CUSTOMIZED INTERNAL AUDIT PROGRAMS

Working closely with your Management Team, we will help you create your own internal audit programs to be performed by your own staff internally or by our consultants, if you choose.

Customizing an Internal Audit Program allows you to take our standardized procedures and adjust them to what fits best within your organization's policies and philosophies.

Dealerships vary in terms of size and structure as well as the intensity of their internal controls. Whether you are a single dealership or a large dealership group, our programs can be easily tailored and new procedures can be easily designed to test your existing policies and procedures.

If you don't have any written policies and procedures, we can work with you to create them so they are specific to your needs.

Creating your own Internal Audit Program and Policies and Procedures will allow you the ultimate freedom and flexibility to control the destiny of your dealership.

**PRICE**  
**STANDARD HOURLY RATES**