Automating the Audit Confirmation Letter Process
By Dave Malone

Every year, after busy season for Audit Confirmation Letters (ACL) comes to a close, I like to do annual reviews with many of my bank clients to see what went well during busy season and identify ways to make it better for them the next time around. This is something I have done for about eight years now and it helps provide valuable insight that banks need to improve their process efficiencies in handling audit confirmation letters.

Up until electronic confirmations emerged into the marketplace, busy season for U.S.-based banks was a dreadful experience to say the least. At that time, the banks had to manually process thousands and even hundreds of thousands of audit confirmation letters – sometimes even two and three times for the same request. To make matters worse, bank departments would receive frantic phone calls in the eleventh hour not only from their auditor, but from their client trying to track down a single piece of paper.

By utilizing an electronic confirmation service and conducting annual busy season reviews, U.S. banks have been able to measure how well they are serving their clients, their internal production efficiencies, and how well they control the ACL process to manage potential fraud. In my experience, U.S. banks have been able to significantly improve this once paper- and manual-intensive process.

Before you put busy season behind you, now is a great time to evaluate how your season went. Here are some key questions I use with U.S. banks that should help you establish your own busy season annual review:

- **How many pieces of paper did your response team complete?**
  We found that U.S. banks on average handle thousands and even hundreds of thousands of confirmation letters during the busy season and have to add or reallocate staff to handle the increased volume.
- **How many of these were duplicate requests?**
  On average, approximately 30 percent of requests are duplicate requests auditors send due to lost or delayed confirmation responses.
- **Was your average SLA 10, 15 or 30 business days?**
  U.S. banks reduced their average SLA to 5-7 business days during the busy season by moving to electronic confirmations.
- **How many calls from clients and their auditors did your processing team take?**
  Responding to auditor phone calls takes time and increases SLA's and the cost to complete a ACL request.
- **How many confirmations were misplaced due to internal routing errors?**
  Misplaced paper confirmations due to internal routing adds to the duplication of ACL requests handled by centraised confirmation response departments.
- **Were all confirmation letters processed in a centralised environment?**

Not having a centralised response department increases risk to the bank as there is no control of ACL responses which increases the risk of fraudulent ACL confirmations.

We found that banks using an electronic confirmation service:
1. Increased production efficiency
2. Eliminated duplicate responses
3. Gained better control over the process
4. Decreased SLAs
5. Improved client satisfaction with faster responses

To learn more about electronic confirmations, contact us today at:

Confirmation.com UK, Ltd.
5 New Street Square
London EC4A 3TW
Phone: 44 20 3608 4348