# 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.



What to look for:

 $\Rightarrow$ 

What to look for:

(1)

(3)

(3)

What to look for:

#### Account Payable "AP" Audit During AP audits we identify recoverable cash outflows

and deliver bottom-line results to your company.

 $\Rightarrow$ 

Duplicate or erroneous payments

"Aged" and uncashed payments

- "Aged" and outstanding credit



### Periodic vendor assessments ensure contract

**Vendor and Supplier Evaluations** 

compliance and quality control.

Discrepancies between invoicing and contractual rates 

Fulfillment of benchmarks against the contract

Reliability of vendor quality assurance processes

- Vendor markup of pass-through expenses
- performance metrics



#### An audit of royalties due can help recover outstanding compensation.

labels

self-reported revenue

**Royalty Reviews** 

Technology and life science royalties based on licensee (3)

Entertainment royalties due from publishers or record

(\$) 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.

"Armanino CPA LLP, and Armanino LLP, Armanino CPA LLP, and Armanino Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with law, regulations, and professional standards. Armanino LLP and Armanino CPA LLP are licensed independent CPA firms that provide attest services, and Armanino Advisory LLC and its subsidiary entities provide tax, advisory, and business consulting services. Armanino Advisory LLC and its subsidiary entities are not licensed CPA firms.

