



The Value of Secondary Post Audits: Part 1

Reasons for contracting with a secondary resource

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A large number of companies today utilize both internal and external resources to execute post audit reviews. In the recovery audit industry an external resource contracted to execute a post audit review is typically referred to as the “primary” auditor. When multiple external resources are employed the term “secondary” is given to the firm that follows the primary and reviews its findings. A growing percentage of companies who actively engage external audit resources look to secondary audit resources to fulfill their post audit objectives. The purpose of this document is to explore the reasons why companies contract with secondary auditors. Accordingly, listed below are some of the most common reasons.

A different perspective:

Companies often hire a secondary auditor to get a different perspective. Recovery auditors bring a perspective gained from working with hundreds of diverse clients. During the course of audits recovery auditors learn how different companies approach same or similar situations. This knowledge can be extremely valuable if these best practice experiences are shared through recommendations provided at the conclusion of an audit. Such process recommendations if recognized and acted upon can save millions of dollars on a go-forward basis.

Assurance:

Secondary recovery auditors offer a cost effective way to gauge the performance of the internal post audit department. *For the full version of this whitepaper, please send your inquiry to: info@edmehlman.com.* A secondary audit resource working in coordination with the internal post audit department and/or management can provide additional levels of assurance.

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Competitive pressure to perform:

When a secondary auditor is hired there is pressure placed upon the primary auditor. Competitive pressure is a powerful phenomenon, it is immediate and real. Primary auditors are effectively placed under a microscope which incents them to perform to their potential. A claim found by a secondary is essentially a knock on the primary’s capabilities and performance.

Primary auditors in long standing relationships can become complacent and results may suffer. It is only human nature. A secondary auditor can motive a complacent primary firm to rethink their approach, to look for additional value, and to ultimately improve the overall effectiveness of the audit.

Exceeding the capabilities or capacity of the current auditor:

It is very common to see recoveries diminish over the life of a recovery audit relationship. It is easy to assume that the reductions were a consequence of process improvements made from prior years. However, it could very well be that the capabilities and expertise of the audit firm has been exceeded and they no longer have the experience or skill sets necessary to recover new claim types. The easiest