

\$1.82B Global Shipping Container Leasing Firm



OVERVIEW

This case study illustrates how Clarus Partners' forensic resources, deep knowledge of ERP systems, and meticulous data analysis capabilities enabled the client to rectify an inaccurate audit determination and protect their financial interests.

PROBLEM

The client faced a situation where the determination of a write-off, relating to customer credit balances, was incorrectly deemed to be unclaimed property by the state's auditors. Despite the client's belief that the write-off was not unclaimed property, the history behind the write-off was not readily apparent from the client's existing books and records. Given the state's determination that the write-off was unclaimed property, the amount was used by the auditors in an extrapolation methodology to calculate the unclaimed property reportable to the state. The finding that the write-off was unclaimed significantly impacted the extrapolation methodology, which resulted in an overstatement of the client's liability to the state.

SOLUTION

Clarus Partners, through its understanding of the client's industry as well as the legacy ERP system used during the write-off period, researched the history of the credits and was able to forensically document that the credits did not represent unclaimed property.

Knowledge of Client's Industry:

- Clarus' team, armed with knowledge of the client's industry and the nature of its customer transactions, utilized this knowledge to begin the research to understand the series of events leading up to the write-off and more importantly to document that the underlying credits were not owed and therefore did not represent unclaimed property.

ERP Systems Expertise:

- Clarus' team also utilized their specific knowledge of the legacy ERP system in place during the period of the write-off. This involved in-depth queries within the ERP tables and sub-levels with the system to document the customer history and transactions relating to the write-off.

Data Connection and Documentation:

- Utilizing these sources, the team was able to reconstruct the history of the credits associated with the write-off and document that it did not represent unclaimed property reportable to the state.

RESULTS

The results of Clarus Partners' forensic approach and expertise in ERP systems were highly beneficial:

Conclusively proved that the write-off of the credit balances was not an unclaimed property event but rather **the correction of a series of errors in the client's records.**

The client avoided reporting the credits as unclaimed property, which resulted in the correction of the overstatement caused by the erroneous extrapolation methodology and a **revised assessment of liability.**



CONTACT US TO SEE WHAT CLARUS PARTNERS CAN DO FOR YOU

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