



NIVACK CASE STUDY

CLIENT ACHIEVES 98% ON-TIME REVENUE COLLECTION AND RECOVERS SUBSTANTIALLY MORE REVENUE BY ADOPTING ROBUST CONTROL PROCEDURES

CLIENT OBJECTIVE

COLLECT ALL EARNED REVENUE IN A TIMELY MANNER

The NiVACK Group conducted a baseline review and risk assessment to address and mitigate areas of significant risk. We then designed revenue controls to help our public sector client collect more revenue, quicker, and with more confidence in the accuracy and classification of these revenues.

THE COMPLEX PROBLEM

Approximately two-thirds of a California State entity's revenues are derived from a single revenue stream - revenue from counties and local jurisdictions. The revenues it received were incomplete, inaccurate, untimely, and misclassified; however, the State entity only vaguely understood these issues as it relied on an inefficient, ineffective system to monitor revenues. On top of that, the system was maintained by the State's IT department at a considerable cost to the organization. As a result, the State entity was under-collecting revenue which were desperately needed to fund operations. Naturally, this meant they were unable to serve their beneficiaries as well as they wanted.

The root cause of this problem was the lack of a formal, robust control environment, resulting in significant, and not well understood risks, compounded by limited financial controls, and minimal documentation and training.

Financial Reporting Control

NiVACK CASE STUDY

THE SOLUTION

- To address the root cause of the problem, The NiVACK Group hosted a series of workshops with the client in order to do the following:
 - Identify key processes
 - Identify significant risks
 - Analyze and categorize risks
- The NiVACK Group systematically examined the revenue process to determine the operational and relevant financial risks that impact this area.
- We then assessed the likelihood of occurrence and potential impact if the risk were to occur and designed controls to mitigate those risks and assisted in implementing those controls.
- To mitigate the risk of incomplete, inaccurate, untimely, and misclassified revenues from counties and local health jurisdictions, 6 revenue-focused controls were created to prevent, detect, and correct instances of these risks occurring.

THE IMPACT

- **98% on-time payments.** The new controls facilitate timelier revenue collection.
- **Readily available, decision-enhancing information.** The new controls provide easily accessible information which can be shared with key decision makers. As a result, the new system allows for discrepancies in data entries to be more readily identified and addressed.
- **New and improved tools.** Transitioned from a 20-year-old, ineffective database to a more efficient and useful alternative that can easily be managed in-house, thereby reducing costs and reliance on 3rd parties.
- **Improved financial acumen.** Client team now understands how to assess financial risk and develop procedures to mitigate those risks without having to rely on 3rd party assistance in the future.
- **Better documentation and cross training.** Client now has high-quality documentation to walk new team members through the revenue collection process, which has enabled greater cross-training.
- **More accurate reporting.** Automatic calculations result in the elimination of mathematical errors in customer payment submissions.
- **Identification and correction of inappropriate accounting practices.** In assessing the client's initial processes, NiVACK identified the inappropriate application of accounting principles and assisted the client in modifying practices to comply with the appropriate governmental accounting standards.

CASE HIGHLIGHTS



REVENUE COLLECTION

Newly implemented controls resulted in substantial increases in revenue collected.



PAYMENT TIMELINESS

Designed new controls to increase on-time payments.



FINANCIAL ACUMEN

Empowered the client to assess and respond to financial risks.



ACCURATE REPORTING

Trained the client to independently perform analyses and execute processes.



"With input and aid from the NiVACK team our Fiscal Services section transitioned from a proprietary, outdated, data base. The new software can be easily managed in-house which reduces cost, more user-friendly which aids in cross training, and is more accurate."



Email

info@nivack.com



Phone

(916) 871-8392



Web

www.nivack.com

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