

## AuditOne Advisory

From Bud Genovese, Chairman

### The Price Is NOT Always Right

Price matters, especially during these tough times, and savvy buyers are careful to compare apples to apples, not apples to oranges. Allow me, please, just a moment to address the issue of pricing for independent, outsourced internal auditing.

Audit Committees are understandably tempted to award contracts based solely on price. But in these tough economic times of continued loan losses and intensifying regulatory scrutiny, this low-bid-wins approach can backfire. The safe and sound path is to make certain the bids cover the same auditing ground -- and the ground that truly needs to be covered.

Frankly, some internal audit firms bid low because they minimize the time required to do the job and do not fully cover the scoping areas required by regulators and safe banking practices.

AuditOne is not one of those firms. We know it is imperative, now more than ever, to provide sufficient audit time and expertise to sample and review to the appropriate levels to help ensure your bank avoids regulatory criticism that can lead to increased scrutiny and even financial peril. If there are control weaknesses or other risk management deficiencies, you'd rather we find them than the examiners, especially since our staff of banking veterans are well qualified to go the next step to provide practical recommendations as to how any deficiencies can be addressed based on their experience working with many other institutions like yours.

The next time your Audit Committee compares bids for internal audit services, be sure to ask them to look closely at the level of auditing activity, the details of scoping, the time spent in analysis, the level of sampling. Firms generally charge very similar hourly or daily rates. The differences come mostly in the time budgeted. The low bidders typically do not provide adequate time nor the depth of review that these times demand. Only by comparing apples to apples can you know which price is really right.

AuditOne works hard to develop comprehensive and cost-effective offerings. We use a risk-based perspective to regularly innovate and upgrade our products such as our enhanced report format and enterprise risk assessment tool. We've developed a staff of bank industry experts, and maintain multiple offices to keep travel costs low and provide system and management redundancy and integrity in case of disaster. And we offer Grovesite, an encrypted, secure online storage facility for client reports and workpapers available 24 x 7 and free of charge.

I encourage you to contact me to discuss our AuditOne services and pricing. The more you know about what you're actually getting for the bid price, the better for your bank ... and frankly, the better for AuditOne ... because we go the extra mile to keep you safe. Thank you.

*Bud Genovese is Chairman of AuditOne LLC, a California-based internal audit firm that focuses only on banks and their service providers. Mr. Genovese pioneered the concept of providing comprehensive, affordable, independent internal audit and credit review services by gathering wide-ranging, extraordinary expertise within one firm. AuditOne now serves over 160 clients throughout the Western United States, and **nationally**. Contact Bud Genovese at 408-980-8099 or [bud.genovese@audit-one.com](mailto:bud.genovese@audit-one.com)*