

Operational Audit Findings

PREPARED FOR	Sample Firm CPAs (illustrative)
FIRM PROFILE	32 staff · \$5.2M annual revenue · tax, bookkeeping and CAS
AUDIT WINDOW	Six business days from the first call
PREPARED BY	Materiality Partners

590 staff hours a month can come back to the firm.

We found five recurring workflows where repetitive work can be automated safely, with a reviewer kept on every output. Together they return about 3.4 full-time staff of capacity without adding headcount.

CAPACITY RETURNED	LABOR COST VALUE	OR BILLED TO CLIENTS
7,080 hrs	\$297,360	\$690,300
per year · about 3.4 FTE	per year at \$42 / hr loaded	per year at \$150 / hr, 65% billed

Opportunities by annual value

WORKFLOW	STAFF HRS / MO	HRS RETURNED / MO	ANNUAL VALUE	PRIORITY
Bank transaction coding and reconciliation	340	238	\$119,952	Now
Client document intake and filing	210	147	\$74,088	Now
Document requests and status emails	120	90	\$45,360	Later
Month-end close checklist	190	76	\$38,304	Later
Client onboarding	60	39	\$19,656	Later
Total	<u>920</u>	<u>590</u>	<u>\$297,360</u>	

Where the firm stands today

MEASURE	SAMPLE FIRM	TARGET RANGE	READ
Realization	74%	80–95%	Below range
WIP days	41	15–30	Work sits unbilled
Work complete to invoice	6 days	Same or next day	Manual billing lag
AR days	52	30–45	No automated reminders
Month-end close	18 days	5–10	Checklist chased by hand

Target ranges are Materiality Partners' working ranges for firms of this size, not published industry benchmarks.

Bank transaction coding and reconciliation

Three staff accountants and one bookkeeper spend a combined 340 hours a month importing, coding and reconciling bank activity for 140 bookkeeping clients. Most transactions repeat month to month and follow rules the team already applies by hand.

Today

1. Download statements from client portals or email
2. Import or key transactions into QuickBooks Online
3. Code each transaction by hand
4. Reconcile and chase missing items by email
5. Senior reviews the full reconciliation

Proposed

1. Statements arrive through document intake automatically
2. Transactions are coded from firm rules and client history
3. Matches are proposed; exceptions are flagged with a reason
4. Missing items are requested from the client automatically
5. Senior reviews exceptions and approves the reconciliation

MEASURE	TODAY	AFTER	CHANGE
Staff hours per month	340	102	(238)
Annual labor cost at \$42 / hr	\$171,360	\$51,408	(\$119,952)
Billable capacity freed per year	–	2,856 hrs	\$278,460

Billable capacity assumes \$150 / hr with 65% of freed hours billed to clients. Labor cost and billable capacity are two uses of the same hours; don't add them.

Automation feasibility	High. Rule-based, high volume, clean bank data.
Software	QuickBooks Online (existing). No new bookkeeping software needed.
Review control	A senior approves every reconciliation. No transaction posts without a match rule or a person.
Risk and compliance	Client data stays in the firm's existing systems. Access is logged. Fits the firm's WISP.
Priority	Now Phase 1, weeks 1–4

What to automate now, later, and not at all.

WORKFLOW	VALUE	FEASIBILITY	PRIORITY	WHY
Bank coding and reconciliation	High	High	Now	Largest hours, rule-based, existing software
Document intake and filing	High	High	Now	Feeds every other system
Document requests and status emails	Medium	High	Later	Builds on intake; ready by busy season
Month-end close checklist	Medium	Medium	Later	Needs a standard checklist first
Client onboarding	Low	High	Later	Lower volume; quick to build
Tax position review and sign-off	–	–	Not at all	Professional judgment. Stays with the partner.
Client advisory conversations	–	–	Not at all	This is where the freed hours should go

Roadmap

PHASE	TIMING	SCOPE
1 • Quick wins	Weeks 1–4	Document intake; bank coding and reconciliation
2 • Larger builds	Weeks 5–8	Document requests and status updates; close checklist
3 • Integration and training	Weeks 9–10	Client onboarding; end-to-end testing; staff training and documentation
4 • Run and improve	Ongoing	Monthly tuning; realized savings measured at 30, 60 and 90 days

The full report continues with the remaining opportunity pages, financial projections and payback period based on your quote, benchmarks, and a technical appendix covering systems, integrations, security and data handling.