



# Telephone Debt Verification: The basics

**Telephone debt verifications, or TDVs, are a useful part of the wider armoury available to auditors and risk management teams.**

To maximise the effectiveness of the TDV, there are a number of things that can be done both before and during a call. It's important to really understand a client's relationship with its debtors, taking into consideration the debtor's size.

However, perhaps the key to obtaining a full picture is getting under the skin of what the client does as a business. Each industry sector differs greatly and will have a set of different requirements when a debt verification call is made.

Here is a condensed list of Do's and Don'ts to keep in mind when conducting a TDV:

## ✓ DO

- Refresh yourself of the client / debtor relationship
- Identify the correct person to speak to
- Make it easy for the debtor by having relevant vendor numbers or purchase order numbers to identify invoices
- Have a clear mind
- Cover every relevant security issue, including:
  - Contra trading, rebates, discounts
  - Early settlement discounts / retro rebates
  - Disputed items or pending credit / debit notes
  - Call off stock items
  - Date and value of last payment made
  - Incomplete / pre-invoiced work
  - Allocation against remittance advice & cash in transit
  - Debtor collusion
  - Disputes / queries
- Build a positive rapport and be polite

## ✗ DON'T

- Ask closed questions. Instead, encourage them to open up by asking why, where, who, how, which and when
- Sound hurried or abrupt. It's important to demonstrate an upbeat telephone manner
- Take answers at face value. Listen carefully to what they have to say and watch out for any stresses and strains in their voice
- Forget to scrutinise. Be wary of:
  - Mobile phone numbers
  - Email addresses such as @hotmail, @gmail, @yahoo
  - Email verification forwarded from your clients
  - Too good a result!

Conducting an accurate and insightful TDV can be a time-consuming process. Outsourcing this requirement can allow risk teams to focus on other key tasks. Find out more about Hilton-Baird Audit & Survey's disclosed and confidential telephone debt verification services here.