



## The Difference between Financial Auditing vs. Airfare Auditing

For many of us in the travel industry, we understand what airfare auditing is. However, for many others in the business world, just the word auditing evokes thoughts of the financial audit - Like the big accounting firms, companies like Enron and Tyco and laws such as Sarbanes-Oxley that require companies to have fair and accurate financial accounting and reporting.

In financial auditing, there are two terms to describe the outcome of an audit: unqualified and qualified. An unqualified opinion states that the auditor is of the opinion that all the company's financial statements are fairly presented, in all material respects, in conformity with Generally Accepted Accounting Procedures. A qualified opinion is used when certain aspects warrant investigation. Obviously it is always a firm's desire is to have an unqualified opinion on their company's financial statements. Although a financial audit is different than an audit of a travel management company (TMC), there are also many similarities. One is the company's desire for a good or passing outcome. The results of an airfare audit by Topaz International can give the assurance that the TMC is meeting contractual obligations.

Conducting an airfare audit can help establish that the internal controls of the TMC are effective; but don't be fooled into thinking one month out of a year is a sufficient amount of time. Continuous monitoring of the TMC's performance is the only sure way of assuring consistency in the agency's performance. One would never presume that testing of internal controls in financial books or inventories or quality control is sufficient for a one month period. The same is true about a travel program.

Favorable results on the audit of a TMC demonstrate that your travel agency is performing with adequate internal controls. Poor results show areas that are in need of improvement. Either one of these outcomes can present a value to both the corporate travel manager and the agency under audit.

### About Topaz International, Ltd.

Topaz International provides strategic support to the corporate travel management professional. With 30 years of experience analyzing travel related expenditures, Topaz is a world leader in airfare & hotel auditing, providing benchmark information and consultancy services to improve the delivery of corporate travel services. Supporting travel managers, buyers and agencies, Topaz helps improve performance and facilitate cost savings.

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