

NICHE-SEARCH

WORKSHEET 6 OF 9

Savings Programme Audit Trail Rebuild

Use when an efficiency programme ran but the documentation was not built at the time, and an auditor, investor, or board member is now asking for verification.



Complementary worksheet for
Cost Reduction Strategies
by Ibrahim Anwar

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What This Is For

An efficiency program ran. Costs fell. The savings were real. But the documentation was not built in real time — no dated baseline, no intervention record, no monthly tracking sheet — and now someone external is asking for verification. This is not a rare situation. It happens to most businesses the first time they face a due diligence process, an investor data request, or a board inquiry about an efficiency claim in a prior management report.

This worksheet does not recreate what was not built. It reconstructs what can be reconstructed from documents that already exist: invoices, bank statements, contracts, and monthly expense reports. The goal is to produce, for each cost category affected by the program, a pre-intervention figure and a post-intervention figure, each sourced from an actual document with a date and a reference. Any row where the source document column cannot be filled is not a verified saving — and it is better to know that before presenting the reconstruction externally than after an auditor finds it.

Benefits

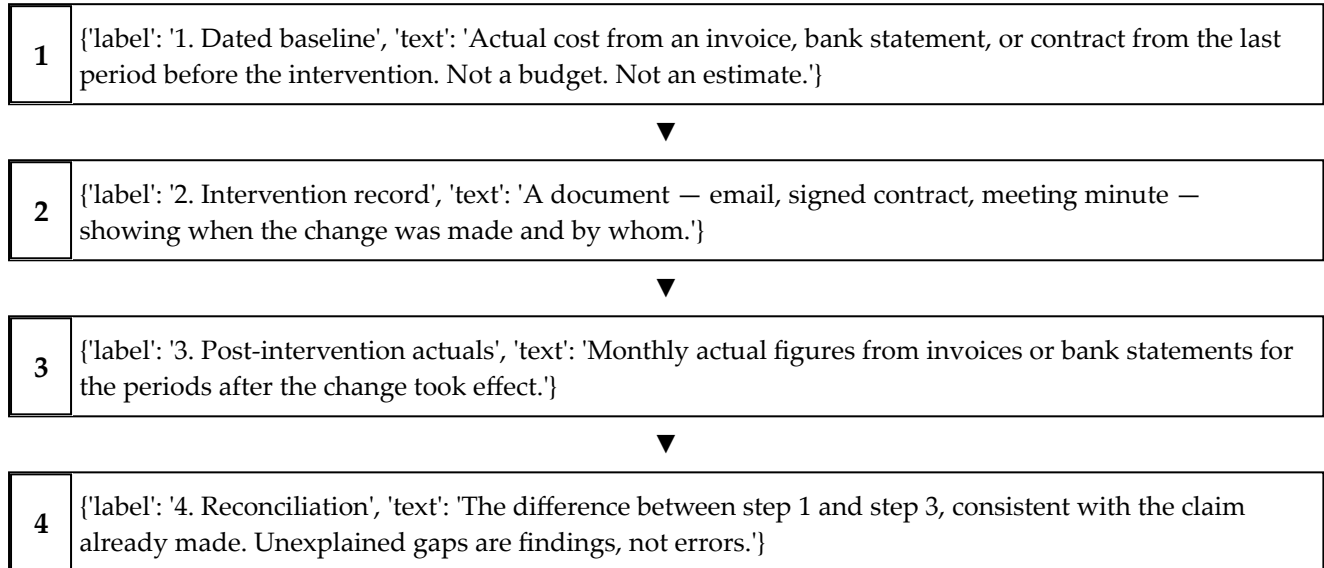
What you get when you actually run this worksheet on a real situation:

- Converts a verbal or summary savings claim into a row-by-row reconstruction that can be shown to an auditor or investor with a source document for each figure.
- Identifies which portions of the claimed savings are verifiable and which are not — so the claim can be adjusted before external presentation rather than challenged during it.
- Provides a concrete gap analysis: total claimed savings minus total verifiable savings equals the documentation gap that needs explaining.
- Creates the baseline that future tracking should have started from — useful even if the current exercise is retrospective, because it provides the correct anchor for next quarter.
- Produces a list of source documents that, if assembled in one folder, constitute the audit trail — ready to be provided if a formal auditor requests it.

Framework To Use

— Four-Element Verification Chain

A savings claim passes external verification only when all four elements exist in sequence.



How To Use

Follow these steps in order. Each one builds on the previous.

- 1** Identify every cost category the efficiency program was intended to affect. If the program was named (e.g., 'Q2 warehouse consolidation'), list all categories touched by that program.
- 2** For each category: locate the oldest available invoice, bank statement, or contract showing the cost in the last month before the intervention. Write the dollar figure and the document name and date in columns 2 and 5.
- 3** If no source document exists for the pre-intervention period: write 'no source found' and move on. Do not estimate. A reconstructed figure without a document is not verifiable.
- 4** Locate the most recent invoice or bank statement for the same category. Write the current actual figure in column 3.
- 5** Calculate the difference (column 2 minus column 3). This is the verifiable monthly saving for that category, to the extent that both figures have source documents.
- 6** Total the 'Difference' column. Compare to the savings claim already communicated to the board, investor, or report.
- 7** If the totaled difference is less than the claimed figure: identify which category accounts for the gap. Was the claim based on an estimate? Was it applied to a wider set of categories than can be verified? Document the explanation before the reconstruction is presented externally.
- 8** Assemble one folder (physical or digital) with a copy of every source document cited in column 5. That folder is the audit trail.

Example Use

A small software reseller ran a 'procurement efficiency review' eight months ago and reported \$42,000 in annual savings to its board. A prospective acquirer is now asking for supporting documentation.

The reseller pulls its management reports from eight months ago. The efficiency review had three components: (1) consolidating two cloud hosting plans into one managed service, (2) renegotiating the primary software license wholesaler's payment terms from net-15 to net-45, and (3) cancelling four SaaS subscriptions used for a discontinued service line.

Component 1 — Cloud hosting consolidation: the old monthly invoices from the two providers are located in the accounting folder: \$3,400 combined in the last month before consolidation. The new managed service invoice is \$2,100 per month. Verified monthly saving: \$1,300. Annual: \$15,600. Source documents: two old invoices (dated), one new invoice (dated). All four elements of the verification chain are present.

Component 2 — Payment terms extension: this is not a cost saving in the income statement — it is a working capital improvement. The reseller had claimed \$8,400 as savings from improved cash flow. An auditor will not count this as an income statement saving. It is real value, but it belongs in a working capital narrative, not a cost reduction claim. The reseller revises the claim accordingly.

Component 3 — Cancelled subscriptions: four subscriptions, monthly combined \$1,580. Only two can be located in old bank statements. The other two were under a consolidated service line and the individual figures are not separable from available records. Verifiable monthly saving: \$840 (the two with source documents). Annual: \$10,080.

Total verifiable savings: $\$15,600 + \$10,080 = \$25,680$. The claimed figure was \$42,000. The gap is \$16,320. Of that, \$8,400 was a working capital benefit (reclassified, not lost), and \$6,120 cannot be sourced. The reseller presents \$25,680 as the verified figure to the acquirer, with a separate working capital note, and a written explanation of the \$6,120 gap. The acquirer can verify \$25,680. That is the number worth presenting — a smaller verifiable number beats a larger unverifiable one every time.

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. For each row: the pre-intervention figure must come from an actual invoice, bank statement, or contract — not from a budget or estimate. Write the document name and date in the last column. If you cannot fill the last column with a real source document, that row's saving is not verifiable. Auditors will not accept 'we believe it was approximately.'
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2. Once all rows have sourced figures: total the Difference column. Compare that total to the savings claim already made. If they do not match within a reasonable rounding margin, identify which category accounts for the gap and investigate before presenting the reconstruction externally.
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Tips and Traps

TIPS

- Start the reconstruction from the documents, not from the claim. Pull the invoices first, then calculate what they show. Reconstructing backward from a claimed figure tends to produce confirmation bias.
- Separate income-statement savings (actual cost reduction in the P&L) from balance-sheet or working-capital improvements (payment terms, inventory reduction). Both have value; they are not the same claim.
- If the pre-intervention period is beyond 12 months, check whether annual audited financial statements can provide the baseline figure. Audited figures have higher credibility than unaudited management accounts.
- When a source document does not exist for a specific category, write the most plausible range based on adjacent months' data and label it 'estimate — not verified.' This is more defensible than silence.
- Build the assembled document folder before the external meeting, not during it. Having source documents available on request is the difference between a credible presentation and a credible pause.

TRAPS

- Using budget figures as the baseline instead of actual pre-intervention costs. Budget versus actual comparisons measure forecast accuracy, not real savings. An auditor will reject a baseline that is a budget figure.
- Claiming the gross saving without netting out any transition costs or one-time expenses that arose from the program. If the consolidation cost \$4,000 in migration fees, the net saving is lower.
- Presenting the full claimed figure to an external party before completing the verification. Presenting \$42,000 and then revising to \$25,680 under pressure damages trust more than presenting \$25,680 with clear documentation from the start.
- Treating the reconstruction as a one-time remediation exercise. The correct response after rebuilding the audit trail is to build it in real time for every future efficiency program.
- Omitting the gap explanation. An unexplained gap between the claimed figure and the verified figure looks like concealment even when it is simply a documentation failure. Write the explanation before anyone asks.

Appendixes

Appendix A – Verification Chain Checklist (Per Cost Category)

For each row in the reconstruction worksheet, tick all four:

- Element 1 – Dated pre-intervention baseline
 Document name: _____
 Date of document: _____
 Dollar figure: \$ _____
- Element 2 – Intervention record
 Type: signed contract email meeting minute
 Date action taken: _____
 Decision maker named: _____
- Element 3 – Post-intervention actual (most recent)
 Document name: _____
 Date of document: _____
 Dollar figure: \$ _____
- Element 4 – Reconciliation
 Verified monthly saving: \$ _____
 Annualized: \$ _____ × 12 = \$ _____
 Consistent with claimed figure: Yes No
 If No, gap: \$ _____ – explanation: _____

Appendix B – Savings Claim Reclassification Table

Use to separate claimed savings by type before external presentation:

TYPE	COUNTS AS	WHERE TO PRESENT
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Reduced invoice cost	Income stmt saving	Cost reduction claim
Payment terms extended	Working capital	Cash flow improvement
Inventory reduction	Working capital	Cash/liquidity note
Headcount reduction	Income stmt saving	Cost reduction claim
Subscription cancelled	Income stmt saving	Cost reduction claim
One-time transition cost (migration fee)	Offset against gross saving	Net saving note

Present each type separately. Do not mix income-statement savings with working-capital improvements in the same total.



WHERE THIS WORKSHEET COMES FROM

Cost Reduction Strategies

Find Where Costs Hide Before the Knife Touches Anything

by Ibrahim Anwar

This worksheet is one of nine in the *Cost Reduction Strategies* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

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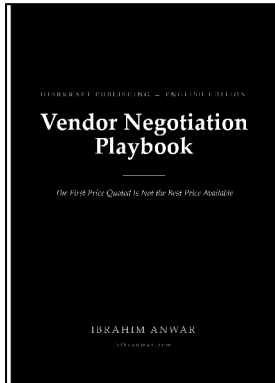
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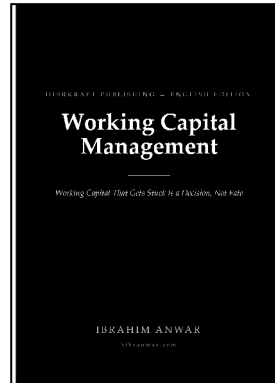
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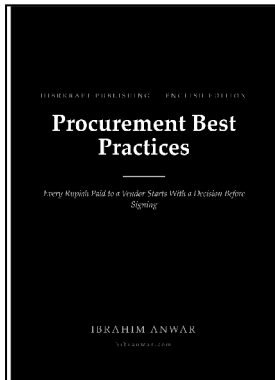
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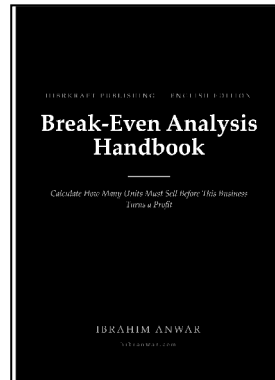
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