

## ACCOUNTING, AUDIT & TAX SERVICES

# FIELD EXAMINATION SERVICES FOR ASSET-BASED LENDING AGREEMENTS

**Field exam services for asset-based lending (ABL) agreements:  
helping banks protect their investments.**

### WHY A FIELD EXAM IS IMPORTANT FOR BANKERS

As a banker, it is your responsibility to lend with knowledge and confidence. To best protect your assets, first, you must understand your investment. A field exam, or objective evaluation of collateral through a disciplined process of risk assessment, can help solidify your lending practices. The field exam for asset-based lending agreements covers areas of:

- Borrowing base testing and calculations
- Identification of ineligible collateral items
- Analysis of significant customer and vendor concentrations
- Contingent liabilities
- Insurance coverage
- Tax liability exposure
- Internal controls
- Overall operating performance

### WHAT A FIELD EXAM CAN DO FOR YOU

Field examinations identify matters of risk within banks. Our role, as your auditor, is to ensure that we identify those areas of risk and bring them to your attention. Field exams also provide knowledge that can aid in increasing the confidence you have in your clients.

For example, field exams provide insight into:

- Billing procedures
- Accounting policies for recording accounts receivable and inventory
- State laws regarding unclaimed property liabilities
- Inventory insurance coverage
- Reconciliation of general ledgers with underlying reports

During a field examination, we identify and recommend potential ineligible collateral to support a borrowing base certificate. Field exams also include detail testing of various transaction types, such as:

- Invoice/shipment testing to identify instances of pre-billing
- Review of purchase orders against shipping documents for evidence of collateral padding
- Dilution and credit memo analysis
- Subsequent cash receipts testing to verify existence of accounts receivable
- Physical inventory test counts
- Inventory cost testing

Whether you're a public or private bank, our team of auditors can support you in performing this critical due diligence. Make sure you're protecting your clients and investments with a field exam.

*For more information about our services, visit [www.sikich.com/accounting-tax-audit/audit-assurance/field-examinations](http://www.sikich.com/accounting-tax-audit/audit-assurance/field-examinations).*

## OUR EXPERT



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## DIFFERENT TYPES OF FIELD EXAMS

- Pre-funding
- Recurring
- Specific/Special Procedures
- Collateral Monitoring