

Compliance Outsourcing Vendor Evaluation Checklist

Evaluating providers for sales and use tax compliance should include a variety of considerations, not just cost. Below is a checklist to guide the process to ensure you're getting the most value from your outsourcing relationship. The Vertex response to each question is also included here as a point of comparison.

	Vertex Response	Provider B
Experience		
1. How long has the provider been offering compliance services?	Since 2008	
2. How many returns does the client file annually?	240,000+ returns	
3. What is the provider's funds management experience?	Since 2008	
4. What is the provider's client retention record?	97% client retention	
5. What is the provider's reputation with the taxing authorities?	Vertex maintains positive working relationships with taxing authorities. We've built a reputation for on-time, accurate payments and timely resolution of notices.	
6. Do the returns preparers have tax experience?	Returns preparers have an average 5 years' experience preparing sales and use tax returns. The management staff has an average 20 years of corporate tax and Big Four experience.	
7. What is the provider's staff turnover rate?	<3% staff turnover rate. The average tenure of Vertex staff is 7.4 years.	
8. Can the provider offer client references?	Yes, including references from Fortune 500 companies.	
Service		
9. What is the scope of services offered?	Returns preparation, returns filing, payments, notice management, credit management	
10. Does the provider offer funds management?	Yes. Vertex processes more than \$4 billion in tax payments on behalf of clients. A separate bank account is set up for each client so funds are not commingled. Clients fund the accounts monthly for payment due, and Vertex provides account reconciliation both before and after payments are made.	
11. Does the provider manage notices? How does the client stay aware of notice status?	Yes, Vertex manages all notices in a timely and efficient manner. Clients can track notice resolution activity on the client portal.	
12. Does the provider manage credits?	Yes, Vertex has the unique capability to manage and track credits at the jurisdiction level and offset against current liabilities. Large carryforward balances that are not capable of being offset can be pulled out of our system, and a refund can be requested.	
13. Where is the work done? Does the provider outsource or off-shore any of the work?	All work is done at the Naperville, IL and Berwyn, PA offices. Vertex does not outsource (or off-shore) any part of the process.	
14. Will the provider assign a dedicated tax preparer to each client?	Yes, Vertex assigns a dedicated Returns Processor for each client who manages all aspects of compliance every month. This allows the Returns Processor to build a successful working relationship with the client, and build familiarity with their tax data.	
15. Will senior staff be available for additional support and expertise when needed?	Yes, Vertex managers handle each new client onboarding, and are available for added support and expertise once the individual Returns Processor has been assigned.	
16. What is the onboarding process?	An experienced Vertex manager guides each new client through a clearly defined onboarding process, including tax calendar development, bank account setup, tax data transfer and testing, and client portal user training. Onboarding new clients typically begin on the 21st of the month, and takes no more than two weeks.	

Vertex Response

Provider B

17. How quickly can the provider begin the service?	Vertex can begin service in as little as one month after an agreement is in place. Once all the requested information is reviewed (tax calendar, tax data files, online filing details), Vertex can begin filing returns the following month.	
18. What tools are used to manage the workflow and provide visibility to the client?	A secure online portal provides clients with 24/7 visibility to current workflow, tax data files, returns, reports, and notice resolution.	
19. How/when does the client approve the returns?	Once tax data files are transferred, the Vertex Tax Analyst posts returns to the secure online portal for client approval, based on the mutually agreed tax calendar.	
20. Does the provider offer ACH Credit for tax payments? For Vertex invoices?	Yes, clients can set up ACH Credit for tax payments as well as Vertex fee payments.	
Reporting		
21. What reports are provided?	<p>Three standard reports are provided by Vertex:</p> <ul style="list-style-type: none"> ▪ The Tax Calendar is breakdown by filing entity and jurisdiction of exactly what returns are being filed for that given period. This report also details net tax due and estimated funds to be transferred. This report is delivered a few times per month, initially in Draft form. At the end of the month, a final version is posted to the client portal showing detailed payment confirmations. ▪ The Reconciliation Report breaks down (by filing entity and jurisdiction) the data being used to file the returns, rounding, credits, carry-forward amounts, and special taxes like excise or Washington B&O. This report also details net tax due and estimated funds to be transferred. ▪ The 13-Month Trend Analysis Report provides a high-level look at the gross tax, broken out by filing entity and jurisdiction. This is a “red flag” report which allows users to see any issues in the calculation process. 	
Data Management		
22. What data format does the provider require?	Vertex can accept tax data from multiple source systems, in a variety of formats, from virtually any tax calculation system. All tax data sources are tested during onboarding.	
23. How much client data is stored for audit needs? How does the client access the data?	Vertex keeps a copy of all tax data provided, as well as returns, payment confirmations, notices, and all communication to and from tax authorities for a period of seven years. Clients can access this information on the secure online portal.	
24. What security is in place to protect client data?	<p>Industry-certified security standards ensure that a client's financial data and communication is kept secure and confidential.</p> <ul style="list-style-type: none"> ▪ A Cyber Trust-certified online portal is provided for all collaboration, tax data transfer, and communication. ▪ The site leverages SSAE-16-audited technologies and processes. ▪ The client portal allows for customizable levels of permission to view and work with financial data. ▪ To ensure secure funds management, Vertex opens a separate bank account for each client. 	
Cost		
25. What is the provider's pricing model: flat per-return fee? or tiered pricing with volume discounts?	Vertex offers tiered pricing that includes volume discounts.	