



Cosmetic compliance review

Overview information

Ed Mehlman and Associates Dallas, Texas

Description: Ed Mehlman and Associates Cosmetic compliance review is part of a full suite of post audit services provided by the firm. Our Cosmetic compliance review examines cosmetic vendor agreements for the relevant period and all cosmetic media and supporting documents for potential cost recoveries. It is customary in the industry for Cosmetic vendor agreements to provide a retailer with a means to recoup from the vendor some of the cost associated with selling or promoting the vendor's cosmetic products. The means for calculating and recouping retailer costs will vary by retailer, vendor and agreement. The purpose of a Cosmetic compliance review is to verify and confirm that intended cost savings were accurately calculated and received by the retailer. Areas and information reviewed for Cosmetic compliance issues recoverable include:

- Relevant cosmetic vendor agreements
- Basis for cost recoupment from vendor
- Cost recoupment calculation sheets
- Recognition of revenue from cosmetic vendor rebates, allowances, and return to vendor activities
- Verification of salary and hourly rates used to calculate salary support.
- Inclusion of new product classifications
- Commissions earned by product and selling line

Purpose: The intent of a Cosmetic compliance review is to examine current policy, procedures, processes, and agreements to ensure that the outcome originally envisioned by these is in fact obtained. The review identifies areas of non-compliance and provides a means for

*For the full version of this whitepaper,
please send your inquiry to: info@edmehlman.com.*

compliance with the terms of the agreement. The review provides a means for identifying areas of non-compliance and provides a means for processing claims against the cosmetic vendor. In addition to processing claims and recovering funds, the review provides process and best practice recommendations, identifies inefficiencies and insures that the retailer is taking advantage of the latest industry or vendor practices.

Page 1/2

Benefits: Review of policy and procedures, cost recovery, cost containment, and process improvement.

Process overview: Examiners will request, receive, and review necessary background and supporting documentation such as cosmetic vendor agreements, monthly/periodic invoices or expense reimbursement forms filed with cosmetic vendors, supporting documents for such invoices and forms, and relevant salary and hourly wage information used to calculate salary support. After the review of this supporting documentation the examiners may need to get a more complete understanding of the specific cosmetic operations of the retailer by asking questions of the appropriate retailer's personnel. Once complete, the review team will develop a plan to meet agreed upon goals and objectives.

Upon completion of the review plan the team will request all remaining data and supporting documentation necessary to implement the review. As claims are found, during the review process, they will be documented and filed based upon a mutually agreed submittal and approval process.

At the conclusion of the compliance review a report containing a listing and analysis of the findings will be provided. The report provides information such as a summary of the approach, detail and summary of the findings, and recommendations for process improvements or best practice suggestions.