

## CASE STUDY

# Item Master Cleanse

## Scenario

SpendMend was contracted to conduct an in-depth Item Master analysis for a large West Coast Health System's Item Master. The Health System expressed concern that inaccuracies in Item Master tax flags were causing them to remit Sales and Use Tax (SUT) payments which were not due. Additionally, incongruent vendor tax flags were creating delays in the payment cycle causing the Health System's vendors to threaten credit holds.

## Findings

SpendMend analyzed over 250,000 items purchased in both California and Washington. Utilizing our vast database of the taxability of manufacturer item numbers, SpendMend provided the correct item tax code with the supporting state regulation SUT exemptions. Our findings uncovered an error rate of 8% in the Item Master. Using our extensive relationships with healthcare vendors, SpendMend worked directly with the Health System's largest distributor to eliminate differences in over 200 Item Master tax flags and brought the Health System payables current with the distributor.

## Result

SpendMend provided the Health System with accurate Item Masters for both California and Washington allowing the System to remit SUT with confidence, while also improving relations with their distributor. The project was extended to include monthly tax flag files assignment to newly purchased item numbers. We also created and led educational training sessions for the Health System's Purchasing Department to explain the applicable regulations, with tips to reduce the complexity of assigning tax flags to items and services.



Analytics



Spend Optimization



Accounts Payable Audit



Contract Compliance



Sales & Use Tax



Wireless Account Management & Spend Optimization