

Random Audits/Review and Disallowance

Obtaining a prior approval does not exempt a claim from Warranty Claiming edits, review, audits or even claim payment. Just because you got approval does not mean the claim will be paid under warranty.

Prior approval, on-site inspector approval, digital imaging approval or Technical Hotline involvement with a repair does not negate dealership responsibility to adhere to the provisions of the Warranty and Policy Manual and to verify that repairs are needed due to a defect. Also, such approval does not exempt the repair from Warranty edits or review/audit examination.

The following list provides **examples** of areas subject to review/audit disallowance. This list is **not** inclusive:

- Repeat or Ineffective Repairs
- One-Time use parts not replaced per the shop manual
- Technician Certification Circumvented or not certified
- Insufficient documentation of the repair
- Mileage/Date Alteration to place vehicle within warranty limits
- Add-on Repair, Stock Units, and Rotor Replacement Not Approved as required
- Over-Repair (excluding conditions listed below for on-site inspection, Technical Hotline, and prior approval)
- Improper use of the Labor Time Standards, improper sublet reimbursement
- Used Vehicle Reconditioned Under ESP
- VIN or Owner Name Misrepresented
- Time Clocking not found in the system or repair order
- Continuation Claim Bypasses Deductible
- Non-Ford Part (NAPA, Auto Zone etc.) Claimed as Genuine
- Service part not supported by technician comments
- Supporting Documentation Not Available (example: sublet invoices, alignment printout's, OASIS printout or the repair order documentation)
- Missing files/Record Retention unable to obtain the documentation



In an audit they give you two options, 1st is to review any and all claims paid for the given year (they can only go back **one** year from payment date), 2nd option is to divide all claims for that year into 5 groups, and pick a number 1-5 and they will focus on those repair orders this is called Extrapolation. In this case they will multiply the total dollars found by 10 and then take off 20% for errors and that is what is owed by the next parts statement or conclusion of the audit.

Minimize chargebacks by following procedure making sure you are approving ADD-ON, Stock units, brake rotor replacement (have the dealer principle designate person to approve these, have it in writing and filed somewhere). Having your supporting DOCS for sublet repairs, alignments, OASIS etc. Tech comments supporting all parts replaced with accurate time punching. Tech's being certified in that area and being on the correct job is very important modifying technician is fraudulent.