

---

# ACCOUNTS PAYABLE AUDIT

*RECOVERING LOST DOLLARS AT NO COST*

# Our Objective

---

- To assist organizations in finding lost thousands of dollars in profits through duplicate payments, duplicate billings, overpayments, fraud, taxes, and a myriad of other circumstances every year.
- Provides you with comprehensive and personalized consulting services to help you rebuild your business' lost profits.
- We believe a recovery audit intended to simply find overpayments is superficial. We're confident you will learn new things about your accounts payable organization and best practices.

# Our Services

---

- Reconciliation of the vendor's accounts will be made to make sure that accounts match with the books of your organization. If there is a discrepancy in the account, thorough analysis will be made and detailed report will be submitted to management. If there is potential fraud, suggestions will be made to prevent such fraud in future.
- A review of purchase contracts and comparison to vendors' invoices for prices, quantities and freight costs.
- A comparison of the delivery tickets with the vendors' invoices to make sure that only received material for services are billed.
- A review of the material returns will be made to ensure that proper credit is issued and credit is taken by the company.
- A review of the service tickets will be made to make sure that proper hours are charged for the services provided.
- A review of the vendor invoices to make sure that the vendor has given the discount per terms of the contract.
- At the end of the audit PRS will provide a compressive Management Report of comments and recommendations on internal control, charge backs and recommendations for future prevention of errors found. We will also give the recommendation for cost containment.

# Categories of Services

---

- Reconciliation of vendor accounts
- Thorough review of purchase contracts with comparison to vendor invoices
- Contract compliance review
- Accounts payable analysis
- Erroneous payments
- Vendor disbursement review
- Pricing errors
- Sales tax review
- Review of return materials
- Taking volume discounts
- Complimentary consultation
- Management reports with detailed recommendations for future practices

# Potential Fraud Schemes

---

- Unusual or unauthorized vendors added to vendor list
- Unusual vendor names or address
- Vendors with alternate addresses
- Improper or unauthorized large payments
- Unusual endorsements on checks
- Copies of supporting documents instead of originals
- False or inflated vendor invoices
- Duplicate payment schemes
- Unexplained fluctuation
- Higher than usual costs
- Unusual or unexpected bidding patterns

# Detection Methods for Fraud Schemes

---

- Review of invoices for alteration of documents
- Review of vendors against employee addresses
- Reviews of vendor lists, vouching and tracing confirmation
- Review of contracts and bids
- Comparing bids with the invoices
- Reviews of accounts, which are opened and closed with the same address but different names
- Verifying unusual price increases and making sure that it was authorized by the purchasing department and appropriate authority

# Our Process

---

## **The Audit Process**

Our team of expert auditors uses an in-depth, five-step process to recover your lost profits:

### **Step 1 - Consultation**

Our team will consult with you to define your objectives and devise a custom plan dedicated to searching out discrepancies resulting in recovering lost profits.

### **Step 2 – Analysis**

Our specialists will analyze and review all relevant documentation (both manually and electronically) to identify every possible piece of lost dollars.

### **Step 3 – Collection**

When potential claims are discovered, our auditors will make sure that each potential lost dollars detected is 100% accurate.

### **Step 4 – Recovery**

Our team will considerately and professionally submit claims for collection.

### **Step 5 – Compensation**

Profit Recovery Solution will only receive compensation after you have received your lost funds. If no money is recovered, there is no charge to you.

# Additional Benefits from Our Services

---

- Improved *controls*
- Detection of *fraud*
- Prevention of *fraud*
- Reduction of *total costs*
- Enhancement of systems through identification of underused controls and process.
- With a successful PRS audit, your organization will enjoy the benefits of increased revenues and decreased cost in the near term and improved efficiency and safeguards in the long term.

# What Differentiates us?

---

- Personalized client focus
- Professional staff including CPA's
- Combined automated and manual audit
- Experienced in auditing school districts
- Regularly scheduled communications to report status and results
- Commitment to reviewing and analyzing more than recovery of overpayments
- Over 30 years of experience
- Non-intrusive
- No cost to you unless we recover

---

# Appendix

# Buckets of Categories

---

- Cash Discount
- Trade Discount
- Credit memos not deducted
- Overcharges
- Overpayment
- Duplicate Payment
- Duplicate Billing
- Returns not credited
- Freight
- Pricing error
- Calculation error
- Sales tax
- Miscellaneous

# Our Results

## Summary of Audit Recoveries

<u>Claim Description</u>	<u>Amount</u>	<u>Percentage</u>
Trade Discount	\$ 818.53	0%
Credit Memo Not Deducted	\$ 303,090.09	36%
Credit Paid in Error	\$ 1,872.35	0%
Payment to Wrong Vendor	\$ 121,411.48	15%
Overpayment	\$ 7,787.07	1%
Duplicate Payment	\$ 291,994.26	35%
Duplicate Billing	\$ 36,090.37	4%
Returns Not Credited	\$ 708.53	0%
Miscellaneous	\$ 69,868.18	8%
Grand Total	<u>\$ 833,640.86</u>	<u>100%</u>
Voided Claims	<u>\$ 55,062.46</u>	<u>7%</u>
Adjusted Grand Total	<u>\$ 778,578.40</u>	<u>93%</u>

# Our Results

