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Mary S. Schaeffer
Editorial Director & Publisher

www.ap-now.com

**Duplicate Payment Challenge:
Responses Explained**

If you're like most taking our duplicate payment diagnostic, you're now scratching your head because you didn't think you had much of a duplicate payment issue. What's more, some professionals may not understand why some of the items are on the list in the first place.

Let me reiterate one more time. Responding affirmatively to any of the questions does not necessarily mean duplicate payments are stampeding out your door through that avenue. What it *does* mean is that you have the potential for duplicates if you don't adequately address the issue. So, let's take a look at each of them and see why they can create problems—and with that information you can craft solutions.

1. While paying late may on the face of things improve your cash flow it can actually lead to duplicate payments, which of course, have a deleterious affect on cash flow. When a vendor hasn't been paid within 30 days, most issue another invoice. Unfortunately, these second invoices occasionally get paid. Thus, we recommend that all organizations think long and hard before unilaterally stretching payments to improve cash flow. You may actually be hurting it through duplicate payments.

2. Without a strict policy of making invoices go to accounts payable *first*, they sometimes float around the company. When this happens, payments are delayed, a second invoice is often issued, and, as discussed above, those second invoices occasionally get paid.

3. If processors do not use the same strict coding standards when entering invoices those second invoices will appear to be new when they show up resulting in a duplicate payment.

4. Processors very familiar with their jobs often discover shortcuts that work for them. Sometimes they are improvements but they can also unintentionally open the door for duplicates. Managers who regularly check processors work will quickly discover their processors' "improvements" but without that

**Obliterate
Duplicate
Payments**

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regular checking, loopholes quietly reappear.

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5. As with invoices, a coding standard for the master vendor file should be used; without it the same vendor can be entered several times.

6. Again, as above, if you do not check to ensure that the coding standard is continually used by all entering data into the master vendor file, problems can arise.

7. In order to ensure no mishaps, the coding standards for entering invoices and entering data into the master vendor file should match. Without that conformity, errors will slip through.

8. Relying on a processor's memory as a guard against duplicate payments is one of the weakest and most ineffective ways to protect your organization against this problem. Organizations that rely on memory as their main line of defense against duplicates end up with loads of them.

9. Many systems will not allow the entry of a duplicate invoice number. This supposed safeguard lulls many executives into thinking they could not possibly have a duplicate payment. Unfortunately, most processors know that all they have to do is add a blank space, a period, or some other insignificant character to the end of the invoice number and it will force it through—and that is exactly what many processors do.

10. Rush checks are a notorious source of duplicate payments. Poor or insufficient backup are the main cause. Minimize rush checks if for no other reason than to minimize the number of duplicate payments.

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11. Check request forms processed without backup are almost a guarantee that a duplicate payment will be made if an invoice shows up. After all, there is no record that the payment of that invoice has been made.

12. Most auditors say that a good portion of the duplicate payments they find occur today when payments using different payment vehicles (check, ACH, p-card etc.) are used.

13. When payments are made outside the accounts payable department, the staff making them, however well intentioned, often don't adhere to the same stringent procedures used by the accounts payable staff. The most frequent mistake is not extinguishing the PO and receivers. This can be addressed by either having all payments made in accounts payable or training those in other departments about the fine points of the payment process.

14. Without a standard methodology for entering invoice numbers, the weak control of not permitting duplicate invoice numbers to be entered becomes almost worthless. This is especially important if your system has a limit on the number of fields for the invoice number. Some have as few as 15.

15. As with coding standards, if you don't regularly check to make sure your processors are entering invoice numbers according to your

AP Now's Top 100 Most Wanted Duplicate List



One of the biggest objections we here from controllers, CFOs, and accounts payable managers regarding duplicate payment audits revolves around the contingency fee. They indicate that their firms wouldn't mind paying a contingency fee for the recovery of smaller items, but to pay, say 25% for the recovery of \$100,000 or more is unthinkable in their organization. Our Top 100 is a rough cut of your payment data identifying the 100 largest possible duplicate payments.

For additional information about this service go to:

<http://ap-now.com/documents/Duptop100Flyer.pdf>

standard, you may find that some have developed their own short-cuts.

16. Invoices without invoice numbers are another source of duplicate payments. Develop a strategy for creating an invoice number for these invoices making sure it will create the same unique number no matter who uses the strategy. Do not include social security numbers in the process.

17. Again, regularly check to make sure your processors have not devised their own systems for creating invoice numbers—a system that results in a different invoice number than the one created by their peers using the agreed to approach.

18. Before checks are released some routines should be incorporated to check for duplicates. Most organizations focus on larger payments during this checking.

19. If you do not regularly follow up on uncashed checks and keep all

AP Now's Duplicate Payment Diagnostic Service

This service analyzes your AP data streams and creates a report of your potential duplicate payments. The software used to analyze your data is currently being employed by several leading audit recovery firms. Results are provided in customized Microsoft Excel spreadsheets.

Pricing: For organizations with fewer than 500,000 invoices per year

- First time reports: \$4995
- Quarterly, thereafter \$3995
- Monthly, thereafter \$2995
- Weekly, thereafter \$1495

<http://ap-now.com/dupepaymentdiagnostic.html>

AP Now's Master Vendor File Cleanup Diagnostic Service

This service analyzes your accounts payable vendor master files for duplication and also performs additional cleansing to the master file. Results are provided in customized Microsoft Excel spreadsheets. This service provides a list of vendors and expected changes to cleanse the data; it does not automatically update your accounting system's vendor master file.

Pricing: For organizations with fewer than 50,000 vendors in their mater vendor file

- Annual (and first) reports: \$7,999
- Quarterly, thereafter \$3,495

<http://ap-now.com/mvfdiagnostic.html>

back up documentation, you may find the unclaimed property auditors deeming those amounts as unclaimed property. Follow up and document to avoid having to turn those funds over to the states.

20. As above, if you void a check without keeping the requisite backup documenting the reasons, unclaimed property auditors are likely to deem the amounts as unclaimed property and require you turn it over to the state.

21. If the master file is not cleansed at least once a year of all inactive accounts, employees may inadvertently pay an invoice against an inactive account and then pay the second invoice against the correct account. Also, inactive master vendor accounts facilitate fraud.

22. Insisting on original invoices used to be a pretty good control against duplicate payments. That is no longer true. With advances in technology there can be 15 original copies of an invoice.

23. Vendors intent on fraud know that if they call accounts payable and scream and carry on, they may get paid. View all such vendors with a great deal of skepticism. Of course, if you regularly pay late, some vendors may have legitimate complaints.

24. Set up a separate fax number in accounts payable for invoices as well as a separate e-mail address. Today, this is how invoices are delivered and by getting them all in accounts payable you will be one step closer to paying on time and not getting one of those troublesome second invoices.

25. Duplicate payment audits by a third-party audit firm are the best way of confirming that you've done everything possible to minimize duplicates. Since many work on a contingency basis, if you're right, the audit shouldn't cost much. And, if you're wrong, the firm should not only recover your lost money but it should also give you a comprehensive report identifying the problems in your process that allowed the duplicates to slip through. If you are concerned about paying for a large-dollar recovery, consider AP Now's Top 100 Most Wanted Duplicates service. <http://www.ap-now.com/duplicatepayments.html> **AP N&T**

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***The newsletter for
professionals concerned
about payment issues***



CRYSTALLUS INC.

Upcoming Webinar Schedule

Oct. 16 **Independent Contractor or Employee?**

Nov. 5 **Special Low Cost webinar** (check web-
site for topic and details)

Nov. 20 **1099 Getting Ready for Year End**

Coming in December: Imaging webinar
(check website for details)

Cost: \$159 for each event or CD; \$259 for both
To register online: ap-now.com/webinar.html
To request an invoice or W-9 e-mail
publisher@ap-now.com or call 302 836 0540

CDs available two weeks after each event

NASBA CPEs available for ALL events —including
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