

<b>Accounts Payable Process Impacted</b>	<u><b>The Risk:</b></u> <b>Cause of the Duplicate Payment</b>	<u><b>What Your Staff Can Do:</b></u> <b>Examples of the Controls and Suggest Processes</b>
<b>Supplier Master</b>	<p><b>1. Duplicate Suppliers</b> - Supplier name and address is duplicated for the same company, increasing the risk for a duplicate payment or a supplier coding error.</p>	<p><b>1.1 Implement Supplier Coding Standards</b> - A lack of supplier coding standards may be one of the main reasons for duplicate suppliers. Coding standards include naming and field conventions for the supplier name, address, state, phone, contact name, and email address.</p> <p><b>1.2 Identify Inactive Suppliers</b> - The identification and periodic blocking or segregation of inactive suppliers increases processor keying speed, reduces errors, and will likely enhance system response time. The recommended timeframe is to focus on suppliers with no invoice activity within the prior 18 months. This covers seasonality and retains those supplier that invoice once-a-year.</p> <p><b>1.3 Remove Duplicate Suppliers</b> - Duplicate suppliers are an exposure for any accounts payable organization, but represent an increased risk for an organization that has absorbed multiple locations and/or systems into a centralized operation. Duplicate suppliers increase the likelihood of duplicate payments, and intensify the difficulty in compiling a comprehensive spend profile for supplier negotiations (i.e. "IBM", "I.B.M.", "International Business Machines", etc.).</p> <p><b>1.4 Consolidate Multiple Remittance Addresses</b> - Many of larger suppliers will have multiple remittance locations. These addresses are often geographically placed to expedite the flow of funds into the supplier's operation, or can be a function of the supplier's ownership structure. Suppliers with significant remittance addresses often include those operating in the areas of telecom, waste management, industrial parts, post offices, and technology.</p>
	<p><b>2. Poor Segregation of Duties Controls</b> - Without good controls and segregation of duties controls, employees could set themselves up as suppliers. This means that either supplier or phony invoices could be diverted to employees.</p>	<p><b>2.1 Perform an Employee Master Comparison against your Supplier Master</b> - This analysis is often performed by internal audit departments on an annual basis. The employee master is obtained from the human resources department and compared with the supplier master file. The following fields are analyzed: name, address, TIN, EIN, SSN, and bank account. Any matches are investigated.</p>

<b>Invoice Processing</b>	<p><b>3. Invoice Paid in Wrong Currencies</b> – The invoice was paid to a company subsidiary in a currency other than USD creating a duplicate payment situation.</p>	<p><b>3.1 Currency and Intercompany Rules</b> – Ensure that accounting rules for intercompany and trade payables are enforced.</p>
	<p><b>4. Invoice Paid in Multiple Systems</b> - Due to multiple systems or AP locations, an invoice was processed and paid twice.</p>	<p><b>4.1 Duplicate Check Across Multiple Systems</b> – Perform a duplicate check across if your company has multiple systems and AP departments.</p>
	<p><b>5. Supplier Invoice Error</b> – Supplier does business under multiple names sent duplicate invoices under both names. Both invoices were paid.</p>	<p><b>5.1 Updates to Supplier Master</b> – Alert your procurement department to ensure that any changes to supplier names or “DBA” impacts are noted and reviewed for potential contact and purchase order impact.</p>
	<p><b>6. Invoice Coding - Keying</b> an additional letter or number after/before on an invoice (e.g. 103207, 103207A). Also, keying a 0 as a O, or a 1 as an l, or a simple accidental transposition, can potentially lead to a duplicate payment, as the system will not recognize this as the same.</p>	<p><b>6.1 Invoice Coding Rules</b> - Establish and enforce a set of standardized coding rules for invoice numbers. These rules should address the handling of leading zeros, spaces, dashes, special characters, invoices without true invoice numbers, etc. Additionally, specific examples of overpayments should be shared with the invoice processing staff to demonstrate how critical their contribution is and the resultant cost impact of inconsistencies.</p>
	<p><b>7. Coding the Invoice to an Incorrect Supplier</b> – The same invoice number and invoice amount was paid to a different supplier</p>	<p><b>7.1 Invoice Coding Rules</b> - Ensure that the accounts payable team is trained on the importance of coding invoices to the correct supplier. Specific examples of these supplier coding errors should be shared with the processing team and can be tracked as performance metrics for the overall team and as a means for continuous improvement.</p>
	<p><b>8. Inconsistent Invoice Amounts</b> -This is difference in the invoice amount that was entered for payment vs. the amount of the actual invoice.</p>	<p><b>8.1 No Manual Adjustments</b> - Review the current procedures for making manual adjustments to invoices. The typical reason for the differing invoice amounts is manually excluding additional charges (e.g. freight/sales tax) on one submitted invoice but not on the other.</p>
	<p><b>9. Offsetting Credit with the Same Numeric Amount</b> – A credit memo is paid as an invoice.</p>	<p><b>9.1 Review Open Debit and Credit Balances</b> - A credit memo may be issued because the client returned goods to the supplier, there was an over shipment of goods, there was a pricing dispute, a marketing allowance was issued, a duplicate payment occurred, the supplier was unable to apply the payment to the correct invoice resulting in a situation of unapplied cash, or an invoice was overpaid. These balances should be reviewed on a monthly to quarterly basis. Many companies perform an internal statement mailing process in which statements are requested from their top suppliers. Others use a third-party audit firm to assist with the process.</p>
<b>P-Cards</b>	<p><b>10. P-Card Payment Invoice</b> - Even though a supplier has been paid with a payment or procurement card, they may still provide an invoice for the transaction that is promptly paid, resulting in a duplicate payment.</p>	<p><b>10.1 Annual P-Card and AP Payment Review</b> - Conduct an annual comparison of accounts payable disbursements against P-Card payments to ensure that no duplicate payments have been made. Your P-Card provider can deliver the payment data to you and many third parties can assist with the review. Some third-party firms have developed subscription fee plans to aid in the identification of duplicates between paid invoices and P-Card disbursements.</p>