



# Purchase Ledger Recovery

Simpson Associates: **PROPOSITION**  
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In the current financial climate, an almost guaranteed way to generate cash would greatly benefit all businesses.

## The problem

In UK businesses overpayments make up to 0.1% of annual payments made to third party suppliers, which translates into an average error rate between one and five payments in every 1000.

Many organisations are simply unaware of the extent of their annual losses; from overpaying supplier invoices, incorrectly computing deductions, under claiming output tax and not reconciling supplier statements. Others are aware of the problem but are uncertain about how to take corrective action in a cost effective manner.

## Which businesses make these errors?

Despite state of the art ERP systems, errors occur mainly due to human error, so all businesses are at risk. The following factors can result in significantly higher than average results:

- High volumes of Purchase Ledger transactions;
- ERP system changes;
- Merger or acquisition;
- The use of temporary staff;
- Occurrences of high purchase ledger staff turnover.

## Our recovery service is made up of:

- Duplicates review;
- VAT review;
- Statement credits review;
- Debit balances review;
- Findings review (root causes analysis).

## Benefits of our service

- ✓ No internal budget is required to engage;
- ✓ We take the risk - no recovery, no fee;
- ✓ Our fees are based on a percentage of recovered funds;
- ✓ We are paid after you are paid;
- ✓ We have the software and technical ability to create and generate our own reports 'in house.'

## Example recoveries made by our audit staff

	Financial Organisation	Manufacturing	Food Retailer
AP Transactions Per Annum	81,000	28,000	80,000
Value of AP Transactions Per Annum (£)	430 M	100M	250 M
Recoveries (£)	267,000	55,000	558,000

## Overview

### Case Study: PLR Engagement

**Country:** United Kingdom

**Industry:** Manufacturing

**Profile:** The customer is a well established leader in integrated automotive system manufacturing producing parts and components for the automotive industry.

**Background:** The organisation uses a Glovia accounting system and had never undertaken a payables audit previously. They were interested in our service as a health check of their processes and the 'no budget required' element of the service was an important factor.

**Benefits:** The client received an end of audit report that summarised the findings of the audit. A number of items previously unknown to the organisation were identified together with an analysis of the errors that the client had previously corrected but not analysed their root causes.

The client would not hesitate to recommend our service, saying *'It really is a no win no fee service, with no strings attached'*.

**Engagement:** Our engagement consisted of a number of key activities which began with us issuing full data extraction requirements to the client. The client was then able to extract the correct data from their accounting system in order for us to begin the data mining process and create the duplicate reports required for the audit. This process is conducted from our office using our own data specialists.

Following the creation of the duplicate reports the audit began with offsite analysis, followed by three days of transaction clarification at the clients office. The review demonstrated that strong controls were in place within the organisation.

Throughout the audit engagement the clients involvement was no more than review and authorisation; there was no measurable impact on 'business as usual'.

### Contact Us

Should you have any questions or require any further information, Nick Evans at Simpson Associates will be happy to help you with your request.

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