



Are there profits hidden in your accounts payable files?

According to a *Wall Street Journal* article—  
accounts payable losses have risen 30%  
in each of the past two years and may run  
over **\$10 billion** annually.

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### Introduction

The *Wall Street Journal* went on to state that “Cutbacks and computerization have cost companies billions of dollars in overpayments, sparked conflicts with vendors and opened the door to fraud...Companies don’t always catch these errors, which are hidden in mountains of paperwork.”

Financial management needs to be aware of the inherent risks within their high volume, high turnover, accounts payable environment where it’s a fallacy to assume that system controls will catch all overpayment errors.

“Avery Dennison Corporation increased its profits by over \$225,000 as a result of the accounts payable review services provided by the staff of Profit Recovery Systems.”

—**Jeff Baker, Controller**  
*Avery Dennison*

“Regardless of the system of internal controls an organization has in place in its accounts payable environment, the services performed by Profit Recovery Systems provide the necessary compensatory controls to close the loop on any inadvertent vendor overpayments.”

—**John Rayburn, Director of Internal Audit**  
*STERIS Corporation*

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### We Approach Prospective Clients with these Questions:

**Does your accounts payable software identify all potential duplicate payment and overpayment occurrences?**

**Can data entry errors result in overpayments which are undetected by your staff and accounts payable software?**

**Could a single vendor have multiple vendor numbers assigned to it within your accounts payable system?**

**Are returned materials and other credit memorandums properly captured and processed within your accounts payable environment?**

**Do your employees have sufficient time to investigate and resolve all overpayment and duplicate payment issues?**

Profit Recovery Systems can provide you with the accounts payable expertise needed to answer these questions. We staff our client engagements with professionals who are focused, dedicated and experienced in the review of accounts payable history and the recovery of all overpayment errors. We utilize a “business approach” in the pursuit of our clients’ overpayment errors and are highly sensitive to the importance of maintaining or improving supplier relationships.

We provide a comprehensive analysis of all overpayment errors along with practical recommendations to eliminate the future occurrence of similar errors. Our services are provided completely on a “contingency basis”; if we do not recover any overpayments, we are not paid.

## Accounts Payable Services Overview

- Our clients complete a brief questionnaire which outlines their purchasing and accounts payable transaction cycle.
- We work with our clients' information technology (IT) staff to obtain historical paid history data for the period under review. Our flexibility in electronic data format requirements minimizes the support required by our clients' IT staff.
- We utilize proprietary software to review the historical data received from our clients, assessing the potential for overpayment errors and identifying areas of risk.
- Based upon our analysis of historical data and in conjunction with each client's specific review needs, we provide the appropriate staffing for each engagement.
- We *minimize* our on-site time at each client's facilities.
  - Our engagement needs at the client facility are limited to access to the hard copy payment support, a copier and sufficient workspace.
  - Client involvement in the recovery process is minimal and is typically limited to entering credit memorandums and receiving vendor checks for recovered overpayment errors.
  - The majority of our data analysis and recovery follow-up takes place in our offices.
- To the extent available, we review contract and purchase order information for the paid history transactions. We correspond with vendors as our client's agent to secure credits or refunds when due. We continue to pursue identified recovery opportunities until they are resolved.
- We prepare a detailed report of the work performed, errors identified and recoveries obtained. This report classifies the types of errors, defines their probable cause and suggests alternative procedures to prevent their occurrence in the future.

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## Examples of Actual Savings

**A multi-location automotive manufacturer recovered over \$650,000 of overpaid product invoices.**

**An equipment manufacturer recovered over \$440,000 of overpaid product and service invoices.**

**One division of a Fortune 500 adhesives manufacturer recovered over \$475,000 of overpaid product and service invoices.**

**A manufacturer recovered over \$115,000 of overpaid product invoices.**

**An equipment distributor recovered over \$110,000 of overpaid invoices and sales tax.**

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## Our Accounts Payable Team

Gary Butzback, CPA, holds a BS degree in Accountancy from Miami University and a CPA certificate in the state of Ohio. Since 1986, Gary has spent equal time in public accounting, as a senior financial manager in private industry, and heading up the Accounts Payable Review practice at Profit Recovery Systems. His diverse background and hands-on experience provide the right mix of skills to develop solutions in any data processing environment. His familiarity with, and exposure to, a variety of accounts payable systems allows us to easily assess a client's accounts payable processing and internal control environment in order to maximize our success in the overpayment recovery process.

Our accounts payable professionals have worked with a variety of accounting software packages including: SAP, Oracle, MAPICS, PeopleSoft and MAS90. We are "hands on" professionals with both public accounting and private industry backgrounds. Each of our team members is either a Certified Public Accountant or Certified Fraud Examiner with a minimum of fifteen years of relevant accounting, audit and managerial experience.