



Retain cash, drive efficiencies and lower costs with Recovery Audit.

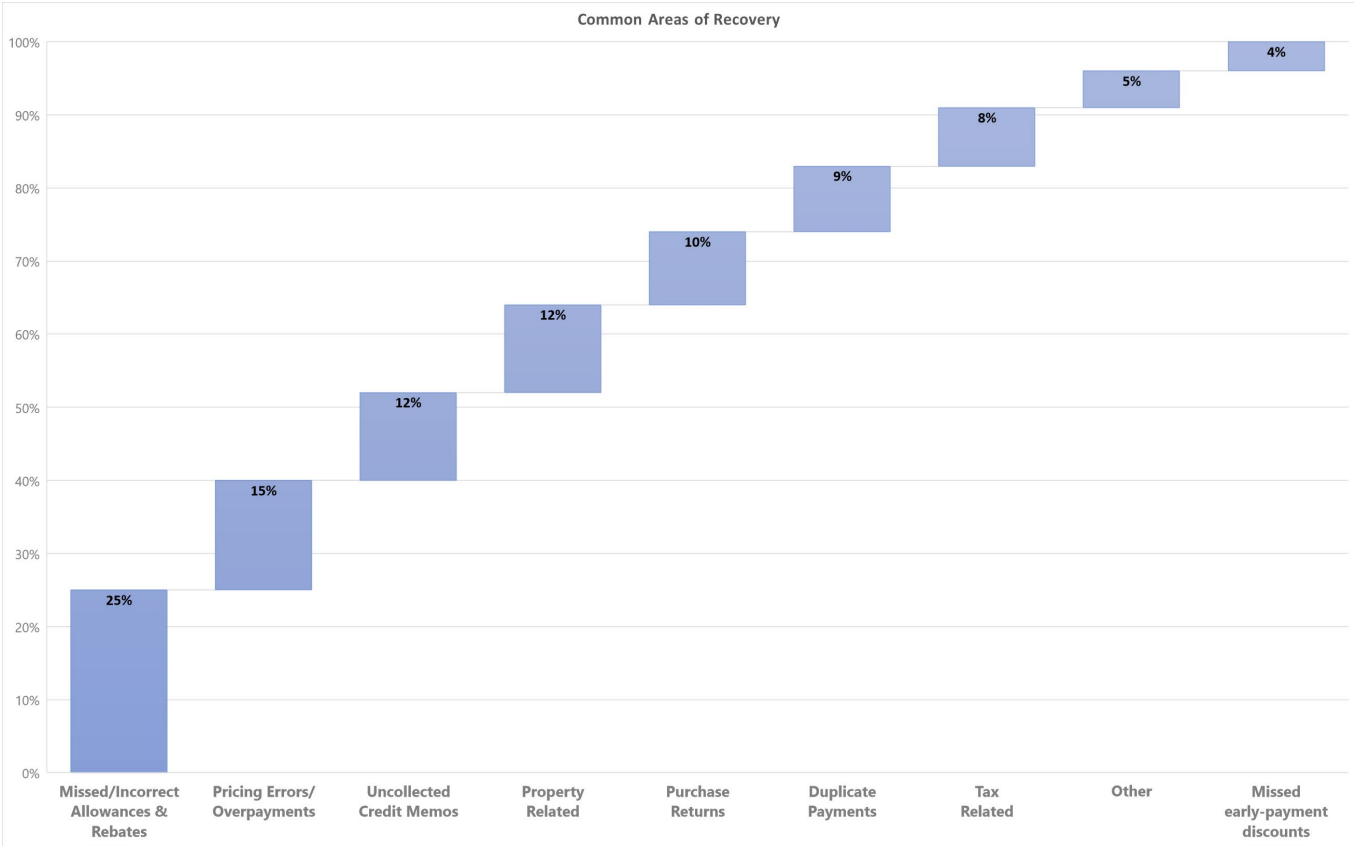
Example recoveries



# What is the value of a Recovery Audit?



Average recovery =  
£250,000

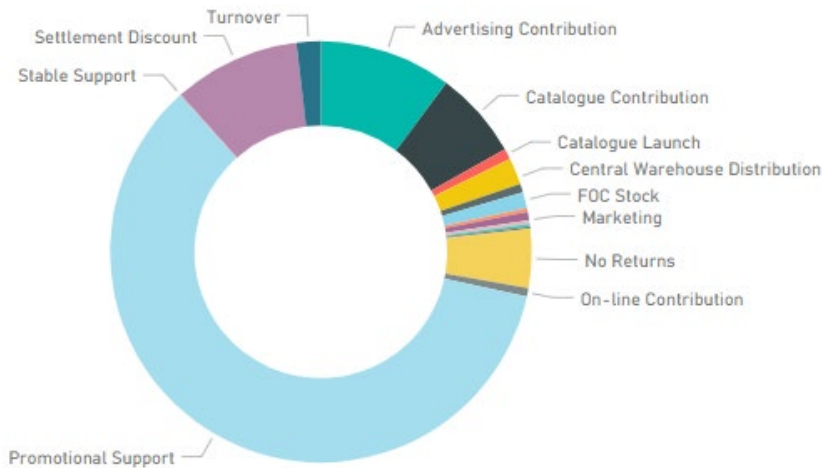


Retain cash, governance, drive efficiencies and helps take cost out

# Incorrect Retro. Rebate Charges – examples



Promotion Breakdown



Retro rebates are a common form of promotional funding within the retail sector. During a promotion period, the supplier agrees to rebate the customer a % or £ of the cost of the good for each unit sold. Often this is calculated using VLOOKUPs and IFSUMs in Excel spreadsheets (88% of which have at least 1 error).

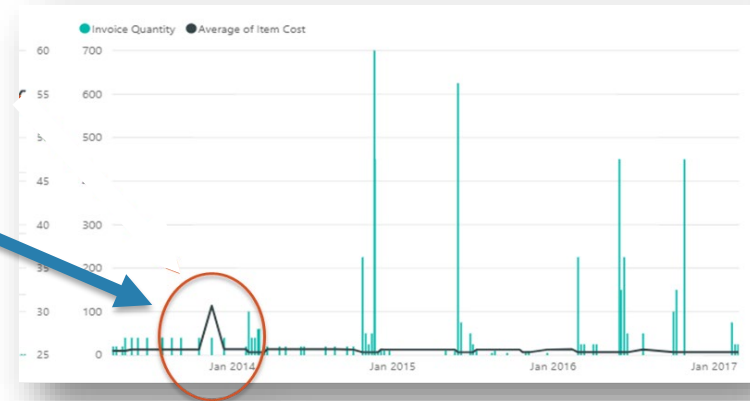
1. **Missed invoice** – promotion finished too close to month end to raise invoice. Buyer forgot to raise invoice the following month – £400,000 recovery
2. **Incorrect rebate value** – rebate calculation based on previous promotion period. Some suppliers invoiced twice, others not invoiced at all – £150,000 recovery
3. **Spreadsheet error** – SKUs had 2 entries on the spreadsheet, one at £0 value, the other at the correct value. The spreadsheet VLOOKUP took the 1<sup>st</sup> entry at £0 value and no retro was raised – £10,000 recovery
4. **Admin. error 1** – buyers did not update SKU retro value, calculation made using old data – £100,000 recovery
5. **Admin. error 2** – buyers agreed promo and did not add to the SKUs to the retro calculation – £100,000 recovery

Reliance on spreadsheets and a lack of time/resource/expertise/technology to audit calculations

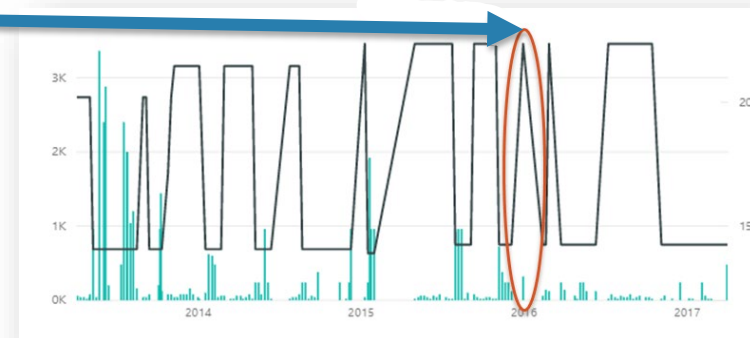
# Incorrect Pricing of Goods/Services – examples



Price charged before and after is £13.67, 1 invoice is £113.67. (likely an input error)



Significant price volatility, contract bleed as higher than average volumes ordered at peak charges



Lack of time/resource/expertise/technology to audit the line-item costs

# Incorrect Weights & Measures – examples



SKU Description	SKU	PO Value	PO Quantity	Calculated Item Cost	Currency	
Green 25mm	142	25200	4800	5.25	GBP	
Green 25mm	142	15750	30	525.00	GBP	Quantity entered should have been 3000
Green 25mm	142	18900	3600	5.25	GBP	
Padoodle	139	5508.8	80	68.86	GBP	
Padoodle	139	137.76	12	11.48	GBP	
Padoodle	139	1377.2	20	68.86	GBP	No. of packages instead of units entered
Padoodle	139	5371.08	78	68.86	GBP	
Padoodle	139	5715.38	83	68.86	GBP	
Padoodle	139	10466.72	152	68.86	GBP	
Fargo	142	33762.96	42	803.88	EUR	
Fargo	142	40194	50	803.88	GBP	Incorrect currency

Often data, in this case POs, are entered incorrectly

## Framestream Circuit Rentals – incorrect tariff

Circuit no	Circuit Type	Post code	Rental Charged pq	From	To	Correct Rental pq	Over charge pq	Total Refund
CSAC3XXXXX	2048k Frame	W1 XXX	£1,458.33	08/11/2XXX	To date	£792.83	£665.50	£14,485.72
CSAC3YYYYY	2048k Frame	W1 XXX	£1,458.33	08/11/2XXX	To date	£792.83	£665.50	£14,485.72
Total								£28,971.44

- **Connection Charges** – the supplier failed to take into account of pre-existing circuits at the customer premises and charged full-price for a new connection, rather than a discounted price for additional connections – resulting in a refund of £212,000
- **Prime Circuits Discount** – the customer signed a 5-year contract with minimum £500k commitment and received a 21% discount in return. A large number of services were not added to the discount scheme, resulting in a £171,000 recovery plus a 21% ongoing saving for the customer

Complex and large invoices coupled with time/resource/expertise/inclination to review and approve line-item costs

# Electricity Compliance Audit – examples



1. One day of half hourly readings has been duplicated, resulting in consumption being overbilled.
2. Based on the trading statements, Flex Adjustment should be a credit rather than a debit.

5. TNUoS rate for next year being used too early, this year's rate is lower.
6. Transmission Losses calculated using the incorrect zone.

8. Both charges should be discounted significantly due to an agreement held with IMServ

Electricity			
Day	54,345	0.075	£4,075.88
Night	23,439	0.065	£1,523.54
Flex Adjustment			£454.34
Distribution Use of System (DUoS)			
Red	8,643	0.0324	£280.03
Amber	25,928	0.01434	£371.81
Green	43,213	0.00533	£230.33
St Charge	1	21.0345	£21.03
Avl Capacity	500	1.43	£715.00
Dist Losses	4,667	0.06955	£324.59
Transmission & Balancing			
TNUoS	354	1.754	£620.92
Trans Losses	778	0.06955	£54.11
BSUoS	77,784	0.00254	£197.57
RCRC	77,784	0.00034	£26.45
Data & Metering			
Meter Operator	1	50	£50.00
DC/DA	1	22.5	£22.50
Taxes & Levies			
FIT	77,784	0.0045	£350.03
EMR Charges	77,784	0.00223	£173.46
RO	77,784	0.00733	£570.16
CCL	77,784	0.005134	£399.34
VAT		20%	£2,001.35

3. Analysis of distribution network schematics revealed site should receive a substation discount, resulting in lower DUoS rates and loss factors.
4. Analysis of distribution network substation specification shows max. load of 450 kVA - Available Capacity rebate due.

7. On-site hospice can be categorised as 'residential' within the parameters of HMRC's complex and stringent criteria and guidance notes – attracting 5% VAT and 0% CCL on its attributed share of energy usage.

Complex supply chain and time/resource/expertise to audit the contract and line-item costs

# Water Compliance Audit – examples



1. Water charges checked against published Meter read used to calculate the bill is too high, analysis of historic reads shows that one of the dials on the meter is stuck, as such the consumption should be lower.
2. The site should be on a large user tariff however it is being billed in accordance with a small user. Investigation has identified an e-mail confirmation of a tariff change 3 year ago.
3. Fixed charge is too high - based on a 200mm rather than a 80mm meter.

<u>Water</u>			
Water Cons	10,543	1.2954	£13,657.40
Water Fixed	1	323.97	£323.97
<u>Waste</u>			
Sewerage Cons	10,016	1.6988	£17,014.93
Sewerage Fixed	1	548.81	£548.81
TE Cons	5,345	0.6534	£3,492.42
TE Fixed	1	23.79	£23.79
<u>Taxes &amp; Levies</u>			
VAT		20%	£7,012.26

4. Site has been charged for Surface Water Drainage within the Sewerage Consumption rate, investigation shows surface water drains off into an adjacent river, charge refunded.
5. Standard 5% sewerage allowance is used, however 50% of the sewerage is treated as Trade Effluent and should therefore be included in this allowance.
6. One of the variables in the Trade Effluent calculation (the Mogden Formula) has been incorrectly applied due to the details of the on site effluent treatment infrastructure being misinterpreted, resulting in the TE Consumption charge being significantly overstated.

7. VAT has been applied by the supplier, refunded as the site is a hospital.

Complex supply chain and time/resource/expertise to audit the contract and line-item costs



# Gas Compliance Audit – examples



1. Correction Factor miscalculated as an incorrect site altitude has been used in the atmospheric pressure equation. Billed consumption is 5% higher than it should be.
2. Calorific Value calculated using the first half of the month's data only, resulting in a significantly higher level than expected. Billed consumption is a further 2% higher than it should be.

<u>GAS</u>				
Usage	245,402	0.02135		£5,239.33
Correction Factor		<b>1.25069</b>		
Calorific Value		<b>40.234</b>		
<u>Transportation</u>				
Dist Commodity	245,402	0.00234		£574.24
Dist Fixed	1	<b>420.5</b>		£420.50
Trans Commodity	245,402	0.00129		£316.57
Trans Fixed	1	<b>210.34</b>		£210.34
<u>Metering</u>				
Metering	1	<b>345.43</b>		£345.43
<u>Taxes &amp; Levies</u>				
CCL	<b>0</b>	0.00192		£0
VAT		<b>5%</b>		£384.03

3. When taking on the supply, the supplier overestimated the SOQ due to a system failure. This is much higher than the actual figure held by the National Grid and has resulted in significantly overcharged Distribution and Transmission Fixed charges.

4. Metering charge calculated based on a large high pressure metering installation, actual meter can be shown to be much smaller, and therefore attracts lower charges.

5. Site determined to be >60% residential and VAT declarations submitted accordingly. Analysis shows only on-site hospice qualifies as residential and unless this is corrected, there is a risk of a back-bill and a fine from HMRC.

Complex supply chain and time/resource/expertise to audit the contract and line-item costs



Media vendors offer an array of discounts, rebates, cash and free space to clients. They also provide clients a share of aggregated agency media spend benefits –commonly known as Annual Volume Bonuses.

1. Discounts, rebates, and other agency benefits to ensure they are passed back
2. Verification all free space has been identified and passed back
3. Compliance to a client/agency contract or agreement
4. Net media spend and other pass-through costs
5. Agency remuneration, chargeable expenses and chargeable services

Lack of supplier transparency and time/resource/expertise to audit the contract and supply chain costs/charges



1. **Business rates** – six-figure recovery of business rates on a head office and mixed use site led to managing the business rates liability during a period in which the site was de-commissioned and a further six-figure saving
2. **Transitional Relief** – billing authority had miscalculated Transitional Relief which affected several years payments and lead to a £0.6m repayment
3. **Empty Rates Relief** – billing authority challenged on a ruling to deny a client's agent claim for Empty Rates Relief following a site relocation leading to a refund of £40k
4. **Unclaimed VAT on occupancy costs** – seven figure recoveries for a client with multiple sites throughout the UK
5. **Overpaid rent** – landlord's agent omitting to apply the rent free period and other financial incentives
6. **Rent rebate** – six figure recovery as rebate agreed to offset repair/refurbishment work as part of initial lease terms not applied

# Credit Balances – examples



## Statement

Date	Description	Period	Charged (Gross)	Received	Balance
05/01/2016	Receipts	-	0.00	19,625.98	76.80
09/02/2016	Receipts	-	0.00	-259.48	336.28
24/03/2016	Receipts	-	0.00	19,625.98	-19,289.70
25/03/2016	Rent Quarterly In Advance	25/03/2016-23/06/2016	16,500.00	0.00	
	S/C On Acct Quarterly In Advance	25/03/2016-23/06/2016	3,125.98	0.00	
	S/C On Acct Quarterly In Advance	25/03/2016-23/06/2016	-3,125.98	0.00	
	S/C On Acct Quarterly In Advance	25/03/2016-23/06/2016	2,872.03	0.00	82.33
24/06/2016	Rent Quarterly In Advance	24/06/2016-28/09/2016	16,500.00	0.00	
	S/C On Acct Quarterly In Advance	24/06/2016-28/09/2016	2,872.03	0.00	
	Receipts	-	0.00	19,625.98	-171.62
07/09/2016	Receipts	-	0.00	-507.90	336.28
08/09/2016	Receipts	-	0.00	336.28	0.00
29/09/2016	Rent Quarterly In Advance	29/09/2016-24/12/2016	16,500.00	0.00	
	S/C On Acct Quarterly In Advance	29/09/2016-24/12/2016	2,872.03	0.00	19,372.03
30/09/2016	Receipts	-	0.00	18,864.13	507.90
17/10/2016	Receipts	-	0.00	507.90	0.00
19/12/2016	Service Charge - Balancing	01/04/2015-31/03/2016	-351.85	0.00	-351.85
25/12/2016	Rent Quarterly In Advance	25/12/2016-24/03/2017	16,500.00	0.00	
	S/C On Acct Quarterly In Advance	25/12/2016-24/03/2017	2,872.03	0.00	19,020.18
29/12/2016	Receipts	-	0.00	19,372.03	-351.85

Credit balance since 2016

Requesting and balancing statements from all suppliers is resource intensive and tedious.  
Most businesses reconcile only the top 10% suppliers

# Duplicate Payment – examples



Supp. No.	Supplier Name	Invoice Date	Invoice Number	Net Value
<b>Altered Invoice Number</b>				
301231	POWER LIMITED	17 November 2017	A50852 P- 2017	241,940.21
301231	POWER LIMITED	17 November 2017	A50852 P2 2017	241,940.21
300200	CORPORATION UK LTD	27 August 2019	RBAC 278101 270101	225,050.40
300200	CORPORATION UK LTD	27 August 2019	RBAC 278101 270101A	225,050.40
<b>Multiple Divisions</b>				
72042	BETA PUBLISHING LTD	13 February 2020	160001592	65,167.50
300239	BETA PUBLISHING LTD	13 February 2020	160001592	65,167.50
5398	CHECK SYSTEMS LTD	16 November 2018	159147	22,620.00
300052	CHECK SYSTEMS LTD	16 November 2018	900159147	22,620.00
<b>Multiple Vendors</b>				
300097	ETT	30 September 2018	44260	165,550.88
300098	ETT	30 September 2018	44260	165,550.88
300306	SOUTH STAFFORDSHIRE ENERGY	30 March 2019	7036548312 MC08753697/01	3,181.87
301625	SOUTH STAFFS ENERGY BUSINESS	30 March 2019	7036548312 MC08753697/01	3,181.87
<b>Wrong Vendor</b>				
301291	T S SCHOONER	30 June 2018	27995	54,226.98
301292	DIGITAL CRAFTS LTD	30 June 2018	27995	54,226.98
300481	KFCG LLP	31 August 2019	5501497725	39,600.00
300841a	MOORE LTD	31 August 2019	5501497725	39,600.00

Error in transposing data or posting to the wrong account are the main reasons behind duplicated payments

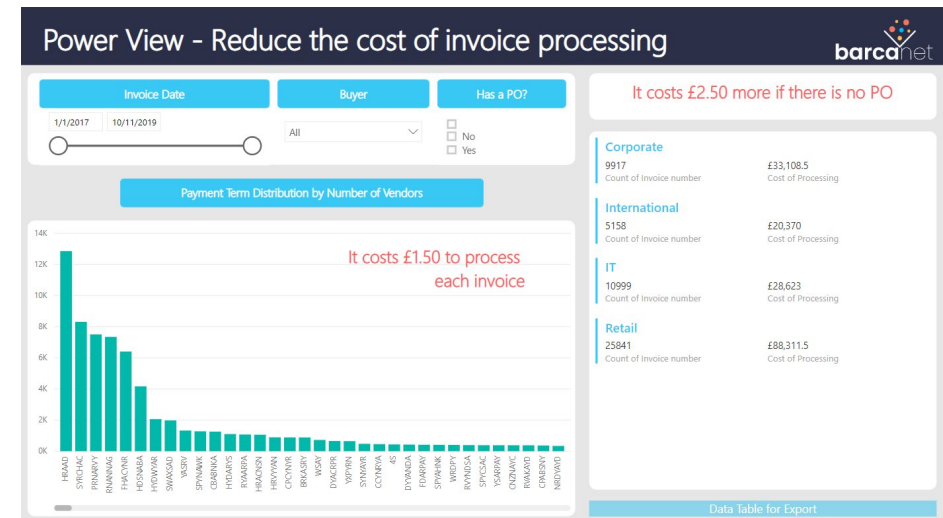


## Credits paid as invoices

Supplier No	Classification	Invoice number	Net invoice amount	Country
21248	HR Services	CR0145	£148.20	PLS
14682		REFUND OF CREDIT	£1,253.04	UK
14048		Credit Memo 30713	£86,207.69	UK
22348		CREDIT #30266	£5,621.33	UK
13571		Payment put through twice on credit card	£298.22	UK
17257		credit note 636 refers value 463.84 transpose	£27.00	UK
14753		credit note refund as requested	£1,113.72	UK
19693		REFUND (CreditNote)	£140.34	UK
20003		Credit Note 0386	£126.48	UK
20630		Balance of Credit Note 4664	£60.00	UK
20791	Unclassified	CreditNote 297 was paid as an invoice	£146.77	UK
23022		REFUND OF CREDIT	£55.50	UK
23077		CR FOR OCT-NOV INVOICES	£475.54	UK
23561	Fac Maint Services	CREDIT NOTE NO 2036	£119.11	UK
24172	Tech – Consulting	Credit note 04020	£30.00	IE
24429	Vehicle Fuel	CR 32520	£12,645.76	UK
27962	Finance / Banking	31.08.17 CREDIT NOTE	£86.27	UK

Again, human error

# Surfacing Insights – efficiencies and cost take-out



Take a look <https://www.barcanet.com/solutions/deep-dive-into-our-data/>

# Recover cash & prevent future leakage

- Shocked by the simplicity of some of the errors?
- Or maybe that mistakes of such value could be overlooked?
- We recovered £m's for our clients last year...where are yours hiding?
- Minimal impact, takes very little time, no software installations, no cost commitments – delivers cash, good governance and identifies opportunities to improve.

What are you waiting for?

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