

Do You Know Where Your Postage Deposits Are?

While some A/P recovery audit firms prefer **only** to focus on the obvious A/P recovery areas, I prefer to focus on all areas of the company's spending patterns, including the review of areas outside A/P where there is the potential to pinpoint and recover significant amounts of dollars for our clients.

For example, I found at a number of my client audits, Postage spending is a significant expense item. Consequently, to locate potential recoveries, I spend an exceptional amount of time reviewing postage disbursements and in particular, the postage deposit process. Findings at one company indicated that postage deposits were not consistently tracked or controlled. Therefore, I performed a time consuming supplier by supplier postage deposit reconciliations to identify potential supplier accounting or invoicing errors. Upon completion of my deposit reconciliation, I could not account for the disposition of several deposits issued for specific named projects. But before contacting any supplier, I had to make sure the deposit had not been refunded. I first had to check the A/P refund log, as well as, the miscellaneous cash deposit list to find evidence that the supplier had not refunded the postage deposit. Subsequently, I contacted the supplier with the most aged deposit first. The supplier A/R representative couldn't tell me anything about this particular deposit, since the supplier did not enter postage deposits on my client's A/R account. Next, I continued my pursuit to the whereabouts of the postage deposit by contacting the supplier's sales representative. I explained that my reconciliation of postage deposits issued to your company indicated that a specific named postage deposit issued was not used nor refunded. The sales rep assured me over and over that to his knowledge there were no open deposits on account, and if there had been an unused deposit, it would have been refunded. I then asked him to do me a favor. "What's that" he asked. I requested that he contact the person in his accounting department who was responsible to monitor and control customer postage deposits to obtain a status of the specific deposit, I was questioning. He agreed. After twenty minutes, he called me back apologetically confirming that the deposit had not been refunded, that it somehow fell through the cracks, since the applicable project associated with the postage deposit had been cancelled. To say the least, my client was delighted when the refund check arrived. I then made several other similar postage deposit recoveries.

Recommendations: 1- Track and control all deposits. 2- Check out using the US Post Office's Direct Mail offerings as an option to avoid sending postage deposits to a variety of printing and/or fulfillment suppliers.

Other outstanding postage deposits I've recovered were the result of my client's actions to cease operations and close facilities. In general, due to downsizing, divestment, mergers and acquisitions, the numbers of company locations are most always impacted. Operations are relocated and there is always a process and plan to deal with the company's physical assets. Yet, non physical assets are consistently left behind, such as, postage deposits or various other credits on account due from suppliers.. Most companies have a process in place to affect a smooth facility closing because such

closings have almost become routine. Yet, I've made scores of recoveries using a checklist I've developed to ferret out deposits and open supplier credits on account when facilities are closed. To locate potential open postage deposits, the US Post Office is the first place to look if there were postage deposits assigned to mailing permits. Postage meter deposits are another place to look – check with your postage meter supplier.

Recommendation: Update facility closing procedures in order to identify potential expense or deposit recovery areas. For example, postage deposits, real estate tax credits applicable to future period rent related CAM charge adjustments; expenses where the service or goods are invoiced and paid in advance, such as, equipment leases, as well as, other prepaid expenses, such as, rent, misc. leases, insurance, maintenance, taxes etc. for potential overpayments as a result of a facility closing.

I realize the recoveries I just described may have little to do with A/P like many recoveries are. Nonetheless, A/P's decision in this case, to engage a recovery audit firm was recognized as a key contributor to the betterment of the company both in terms of increased profits and a result of the adoption of actionable process improvement recommendations we provided.

We all know that there is fewer staff on hand to handle the increased workload demands to research, track and locate and recover overpayments. So, it makes perfect sense to engage an experienced, easy to work with, A/P recovery audit firm, like Pinpoint, to contribute to the success of your organization.

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