

Preventing Duplicate Payments for Lawson Customers

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Duplicate Payments are far more common than most companies realize—or are prepared to admit. While some duplicate payments are later discovered through the kindness of honest vendors, many are found through expensive recovery audits or remain hidden and are never resolved.

Costly duplicates can be caught early or prevented entirely with some simple improvements in your Accounts Payable operation. The benefits of doing so cannot be understated.

The first step to preventing duplicate payments is to understand their causes.

Causes of Duplicates

Lawson will warn the Processor if they attempt to enter an invoice with the same combination of company number, vendor number, and invoice number as a prior invoice. However, if there is a variation in any of these three numbers, Lawson cannot identify it as a duplicate and will allow the invoice to be entered.

For a duplicate to occur, two situations must exist:

- 1) The invoice is submitted for entry twice.
- 2) The AP processors enter the invoice into Lawson with a variation in at least one of the three key fields

Opportunity: Understand, discover, and prevent duplicate payments to vendors through application of technology and best practices.

(company, vendor, or invoice number).

The key to preventing duplicates is to limit the opportunities for these situations to occur by ensuring that duplicates do not get entered for payment, and, if they are, they are caught before processing by regular and proactive analysis.

Keying Errors

Most keying errors are unintentional. People make mistakes, and when entering hundreds of invoices a day, our eyes play tricks on us, which can result in costly errors. The most common type of keying error is misreading or transposing a number (which is a reality of AP practices):

- Entering 1477930 instead of 147793-0
- Entering 189901 instead of 189091

However, we do often see examples of intentional keying errors where a processor has chosen to alter an invoice number in order to push an invoice into the system, perhaps not wanting to research the duplication or believing it is not truly a duplicate. This is a way of getting around

the duplicate checking feature of Lawson. For example, a processor may attempt to enter Invoice # 1477930, but it is a duplicate and cannot be entered as is, so the processor modifies the Invoice # to read 1477930* and it is accepted into the system for payment.

Duplicates can be caused by keying errors on any of the three fields including company, vendor, or invoice. Mis-keying a company or vendor number will produce the same result. If it is accepted, the wrong company will pay the invoice or the incorrect vendor will receive payment.

Duplicate Vendors

Duplicate vendors are the leading cause of duplicate payments. Despite best efforts, vendor files accumulate duplicates over time. When an invoice is entered into Lawson, the AP processor will select a vendor. If they choose a different vendor than previously selected, a duplicate invoice will occur. Some vendor files contain triplicates if not more, creating increased opportunity for duplicate payment.

Regular and on-going review of the Lawson vendor file for duplicates is absolutely crucial to preventing duplicate payments.

Manual Check Requests

Check Request forms represent a great danger for creating duplicate payments. Most companies do not have numbered forms and processors usually “build” an invoice number, which creates the risk of invoice numbers being entered in various ways.

Use of manual check request forms should be strictly limited to circumstances where no true invoice exists, never as a cover sheet for an invoice. Establishing a method for invoice numbering that is used consistently is essential. However, check request forms can still be filled out and submitted multiple times. It is important that end-users understand that they should never submit the same check request twice.

Invoice Numbering Standards

One of the most common questions we ask when discussing duplicate payments is whether an organization has a standardized procedure for invoice numbering. We are often told that one exists, but when challenged to provide a copy, none is found or multiple versions surface. Having a clearly defined, documented process is vital to preventing duplicate invoices in the system.

The first segment of such a policy establishes clear guidelines for entry of an invoice number when one already exists. It is important to remember that Lawson’s invoice field is a text field and will take any characters, but requires an exact match to be considered a duplicate. Do you enter leading zeros? Do you enter dashes? If an Invoice Number starts with IN, do you enter it? These determinations must be made, documented, and displayed at the desk of each Processor for reference.

The second segment of the policy applies to how an invoice number is “created” when one does not exist. One of the most common examples we see is with utility

invoices, where the most frequent solution is assigning an invoice number based on a combination of the account number and date. However, this can be interpreted in many different ways:

- Acct Number – MMY Y
- MMY Y-Account Number
- Acct Number – MMDDYY
- Acct Number/MMYY
- Acct Number (space) MMY Y
- And numerous other possible variations

Question your processing staff regarding how they create invoice numbers and you might be surprised at the variety of answers you get in return. Clear, documented guidelines can go a long way to create standardization and prevent duplicates.

Paying bills from additional documents

To create the opportunity for a duplicate invoice, two documents are usually submitted for payment. Often we find that the second document is in another form, such as a statement or quote. Paying a bill from these additional documents, which are not original invoices, creates a very high risk of duplicates and should not be permitted. Vendors should be required to submit an official invoice with an invoice number in order to obtain payment.

Another similar problem is the issue of invoices being submitted multiple times or through alternate methods. If a vendor mails an invoice and then faxes or emails it again, a duplicate can occur. Or if a vendor

Prevent duplicate payments

- 1) Never pay from statements or non-invoice documents.
- 2) Prevent backlogs, which increase risk of duplicates.
- 3) Document standards for creation and entry of invoice numbers.
- 4) Train processors to spot and address duplicates properly, prohibit working around them.

re-sends an invoice because they have not received payment, the opportunity for a duplicate exists.

Accounts Payable departments that have significant backlogs due to extra paper are much more likely to create duplicate invoices.

Discovering Duplicate Payments

Unfortunately, duplicate payments are usually found the wrong way – by someone realizing that Accounts Payable made an error. This could be a vendor simply returning a check, but also could come in the form of a department manager noticing two charges to their budget, or of an angry executive who has been informed of the problem. This can be embarrassing for the AP department and can possibly lead to enforcement of additional audits and controls. It can also lead to unemployment as a reaction to this matter.

External audit firms are often used to identify and collect duplicates. However, most often the cost of hiring these auditors will be a percentage of the recovered funds, which can be a very expensive option

compared to simply finding and recovering duplicate payments internally from within the AP operation.

Lawson provides a duplicate payment report starting in version 8.1. However, this report is limited to identifying only specific types of duplicates and does not catch many of the common methods in which duplicates can be created. This tool can be helpful, but is not robust enough to address the concern.

Continuous Compliance Monitoring (CCM)

CCM is the Cadillac of duplicate payment prevention tools, providing an automated way to identify fraudulent, duplicate, or mistaken payments on a daily basis. CCM will proactively inform AP staff of potential duplicates so they can be prevented before the check is issued.

CCM software is available for purchase and hosted/service-based models exist as well for those companies that are not able to make the capital outlay. Implementation of CCM will significantly improve controls and reduce the risk of duplicates, providing on-going cost savings.

Many organizations believe that a CCM solution is not within their budget. However, RPI recommends considering such an option to reduce costs associated with errors, mistakes and with recovery fees. CCM is the most effective solution for organizations running Lawson's financial modules.

Auditing within AP

Not able to get the funds for CCM? There are many ways that auditing can be done right from your Accounts Payable operation to catch errors early, while they are still easy to correct.

We recommend a minimum of monthly audits of AP data. Invoice data can be extracted and run through a series of queries to check for possible duplicate payments. A few common methods include:

- Look for invoices with the same or comparable dollar amount
- Look for invoices with invoice numbers which closely match, which could be a result of mis-keying
- Look for invoices that have been paid out on both a PO and Non PO
- Look for invoices that may have matching invoice & vendor numbers, but have been paid from two different accounts

Through a combination of creating proactive controls and establishing a method to review and react to duplicate invoices, your AP department can achieve better fiscal responsibility for your organization.

RPI's Duplicate Payment Services

RPI Consultants is Lawson's Specialist partner focused on improving procure-to-pay operations. As experts on the Accounts Payable processes and best practices, RPI can help your organization to prevent duplicate payments.

RPI provides a variety of services designed to identify duplicate payments and address root causes:

- Duplicate payment analysis to identify duplicate payments made
 - RPI provides this service on a fixed price basis, we do not take a percentage of recovered funds
 - Subscribe to our monthly service to catch duplicates early
- Root Cause Analysis and Recommendations
- RPI's Duplicate Payment Identifier Tool – Your Accounts Payable staff can complete duplicate payment reviews using RPI's Duplicate Payment Identifier
- Duplicate Vendor Clean-up – RPI will identify and resolve duplicate vendors, the leading cause of duplicate payments

About RPI Consultants

With over 10 years of experience optimizing Procure-to-Pay processes for Lawson customers, RPI combines the utmost expertise in best practices and business process redesign with a deep understanding of Lawson forms, tables, and functionality.

RPI assists organizations with the assessment and prevention of duplicate payments. As a Lawson Specialty partner, RPI assists Lawson customers with leveraging Lawson functionality to enhance their Procure-to-Pay processes.

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