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**FREIGHT BILL POST
AUDITS – AN OFFER
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In today's deregulated transportation environment every freight company has the ability to set its own rates, discounts, fuel surcharges and fees for various ancillary services. This includes parcel giants UPS and FedEx, as well as all motor carriers. Many companies are under the misguided impression that as long as they receive the proper discount percentage, the invoice is correct and should be paid as submitted. But is that a true invoice validation and audit? No it's not, far from it!

In addition to a company performing a freight invoice audit before they pay a freight invoice, they should also consider having a post-audit firm audit their invoices after they have been paid. Freight bill post-audit firms have been around for years and usually provide their services for a contingency fee of 50% of the actual overcharges they collect. If a company shops around, they may even find a post-audit firm that would provide the service for 30% of the actual audit recoveries they collect. But we believe in the old adage that "you usually get what you pay for" as many of these companies will only go

after the low hanging fruit. So what value do you really gain by negotiating a lower savings percentage? Sometimes, none!

While these services are critical to businesses today and widely used, we believe companies are short changing themselves by not performing a more comprehensive post audit analysis that takes into account the following elements:

- Reporting of and recommendations for controlling excessive freight costs
- Benchmarking the shipper's current rate levels against other shipper's with similar shipping characteristics
- Performing a comprehensive analysis of shipper's pricing agreements and transportation contracts to achieve lower rates and charges, as well as incorporating contract elements that may further protect the shipper

It has been proven over and over again that a company can save up to ten times the amount of money it receives from a traditional post audit when they contract to perform a comprehensive post-audit analysis that takes into account the elements listed above. And, they can usually obtain all of these benefits for a lower cost of a traditional contingency post-audit. Under a comprehensive post-audit analysis, the auditor will usually perform the service for a flat fee based on the audit elements selected rather than a contingency fee. Not only that but the benefits the shipper derives from this comprehensive audit analysis, almost always will exceed the net dollars the shipper would derive from a contingency post audit. Here is how the process works and the resultant benefits:

Freight Bill Audit Process:

- The post audit firm receives all of the paid freight invoices either in paper or electronic format, along with complete copies of all freight carrier pricing agreements or contracts for the period to be audited, typically the most current 180 day period, stipulated by government statute.
- The post-audit firm audits each and every invoice seeking out all overcharges assessed by the freight carriers. Upon uncovering the overcharges, the post audit firm files overcharge claims against the respective freight carriers seeking full refunds of any overcharges and billing errors which are directly payable to the client.

Benefit: The shipper retains 100% of the overcharges recovered!

Excessive Freight Cost Reporting:

- As part of the post-audit process, the audit firm reports back to the shipper advising them of any excessive freight costs incurred by the shipper that did not result in an overcharge, but did increase the shipper's cost for any number of reasons.

Benefit: The shipper receives a thorough analysis of additional cost cutting recommendations provided by experts in the transportation field without having to hire a consulting firm.

Benchmark Analysis:

- During the comprehensive post audit analysis, the audit firm will benchmark the shipper's current negotiated rates against the auditor's vast data base of freight rates, fees and charges for shippers with similar shipping characteristics.

Benefit: The shipper now has the benchmarking information it needs to negotiate even lower freight costs with its carriers based on real shipping lane analysis.

Pricing Agreement and Contract Analysis:

- The audit firm would undertake a comprehensive review of all pricing agreements and freight carrier contracts and will provide the shipper with a detailed report containing recommendations for additional cost reduction opportunities and/or improvements necessary to protect the shipper's interest which may have been overlooked in the initial agreement.

Benefit: The shipper will now have an "experts" review and analysis of its contracts and pricing agreements that will assist in reducing its costs, but perhaps more importantly, how to protect its company's interests in the future.

All of this sounds logical, so why wouldn't a company take this comprehensive approach to auditing and analyzing its overall freight costs, pricing structures and agreements? Well the real answer is that many post-audit firms don't offer these comprehensive audit and analysis services; secondly, shippers don't always take a pro-active approach to their transportation programs, they assume they are getting the lowest rates consistent with their required service levels when they receive huge discounts. That's just not enough of a benchmark to rely on. And one other important fact, if a shipper does not want to pay for all of the services mentioned here, it can select and



only pay for those services it deems necessary.

So, how does your company's freight audit program stack up? Are you sure you are being invoiced properly? Do you have the lowest available rates and charges from your freight carriers based on the services they provide? Are you sure your company's interests are protected by the pricing agreement or transportation contract you signed? That's what we thought....it's time to take a more comprehensive approach!

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