WESTGATE MOORE ASSOCIATES

A PAYMENTS AUDIT FIELD GUIDE

Recovery Audits

Finding hidden payment leakage, recovering value, and fixing the process behind it.

A practical guide for Accounts Payable Managers, Finance Directors and senior finance teams in large UK organisations.

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WRITTEN IN THE VOICE OF CHRIS WOO, DIRECTOR, WESTGATE MOORE ASSOCIATES

This guide is designed to be useful before it is promotional. It is about the money that quietly slips through finance processes, why that happens in good organisations, and what can be done about it.

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What's inside this guide

01 A quick word before we start

Recovery audits are serious, but the conversation around them does not need to be dry.

If you work in Accounts Payable or finance, you already know this: most payment problems do not happen because people are careless. They happen because finance teams are busy, supplier relationships are complicated, systems do not always talk to each other, and the pressure to keep payments moving is constant.

That is why recovery audits matter. They give you a structured way to look back through your supplier payments, find money that has been overpaid or left unclaimed, and understand why it happened in the first place.

At Westgate Moore Associates, we have always believed that a good recovery audit should do more than produce a list of claims. It should give the finance team confidence. It should protect working capital. It should help AP leaders have a stronger conversation internally about process, controls and prevention.

This guide has been written for large UK organisations, particularly Finance Directors, Heads of Finance, AP Managers and shared service leaders. It is not intended to turn everyone into an auditor. It is intended to help you ask better questions, spot risk earlier and make a more informed decision about whether a recovery audit is right for your organisation.

THE MAIN POINT

A recovery audit is not a criticism of your AP team. It is a practical way of finding out where value has leaked, recovering what can be recovered, and stopping the same issues from repeating.

WHAT THIS GUIDE COVERS

- ✓ What a recovery audit actually is
- ✓ Where organisations lose money without realising
- ✓ Why payment leakage happens in well-run finance teams
- ✓ The warning signs that should prompt a review
- ✓ The process to follow when carrying out a recovery audit
- ✓ The data you need and how to prepare it
- ✓ How supplier statement reconciliation supports prevention
- ✓ Fraud, payment diversion and control risk
- ✓ How to turn findings into long-term process improvement
- ✓ An AP leakage self-assessment checklist
- ✓ How to choose the right recovery audit partner

02 What is a recovery audit?

A simple explanation, without the jargon.

A recovery audit is a retrospective review of supplier payments and related accounts payable data. The aim is to identify payments, credits or balances that should not have left the business, or should have been recovered earlier.

In practical terms, the audit looks across payment history, supplier master data, invoices, credits, statements and supporting records. It then highlights possible errors, validates them, and where appropriate, supports the recovery of funds or credits from suppliers.

A good recovery audit does three jobs:

1. **It identifies financial leakage** — duplicate payments, overpayments, unclaimed credits, pricing errors and other supplier discrepancies.
2. **It helps recover the value** — professionally, accurately and without creating unnecessary pressure on the AP team.
3. **It shows the root cause** — so finance can prevent the same issue from happening again.

WHAT IT IS NOT

It is not a witch-hunt. It is not a replacement for internal or external audit. It is not an accusation that AP has failed. It is a specialist exercise focused on payment accuracy, recoverable value and better controls.

For Finance Directors, the appeal is obvious: potential cash recovery, stronger controls and better visibility. For AP Managers, the value is just as important: a recovery audit can highlight where the process is being stretched, where suppliers are creating noise, and where automation or better data would make the team more effective.

03 Where organisations typically lose money

Most leakage is not dramatic. It is small errors repeated at scale.

Payment leakage rarely announces itself. It normally sits inside ordinary transactions: a duplicate invoice number, a supplier credit that was never applied, a pricing change that did not reach AP, or an old supplier account with a balance no one has looked at for months.

The larger the organisation, the easier it is for these issues to hide. High invoice volumes, multiple entities, acquisitions, temporary suppliers, system migrations and manual workarounds all create opportunities for small errors to become meaningful sums.

Duplicate payments

The same invoice is paid twice because of invoice number variations, duplicate supplier records, different currencies, manual rekeying or system limitations.

Supplier credits not claimed

Credit notes are issued but not matched, deducted or followed up. They may sit with the supplier while the organisation keeps paying new invoices.

Overpayments

The wrong amount is paid because of data entry errors, incorrect VAT, duplicate invoice lines, wrong unit pricing or a mismatch between invoice and contract.

Missed rebates and discounts

Volume rebates, retrospective discounts, promotional allowances or early payment discounts are agreed but not reflected in AP processing.

Pricing discrepancies

Invoices are paid against the wrong rate card, outdated contract pricing or supplier terms that have changed without clear communication.

Inactive supplier accounts

Historic credits or unresolved balances remain on supplier accounts that are no longer actively traded with.

VAT and coding errors

VAT is treated incorrectly, credits are coded as invoices, or costs are posted to the wrong area, making issues harder to identify.

Payment fraud indicators

Bank details change, fake invoices appear, or supplier communications are intercepted — payment data can highlight unusual patterns.

A COMMON EXAMPLE

An invoice is entered once as INV-10456 and later as 10456. To a person, it looks like the same invoice. To a system with limited matching rules, it can look different enough to pass through.

04 Why good finance teams still miss it

Payment leakage is usually a process problem, not a people problem.

One of the biggest misunderstandings about recovery audits is that they are only needed by organisations with poor controls. That is not our experience. Even well-run finance teams can lose money when process complexity builds faster than the controls around it.

AP teams often work with imperfect data. Supplier names are inconsistent. Purchase orders are not always raised. Contract changes are not always communicated. Invoices arrive in different formats. Supplier statements are too large to reconcile manually every month. Then, when the month-end pressure arrives, the priority becomes clearing the queue.

THESE ARE THE CONDITIONS WHERE LEAKAGE STARTS

- High invoice volumes and pressure to process quickly
- Duplicate or poorly maintained supplier records
- Multiple finance systems or ERP migrations
- Manual invoice entry and manual statement reconciliation
- Non-PO invoices or weak three-way matching
- Supplier credits held outside AP's normal view
- Pricing changes not reflected in invoice validation
- Staff turnover or undocumented workarounds
- Over-reliance on controls that only catch exact matches
- Limited time to review dormant accounts

CHRIS WOO PERSPECTIVE

When we find an error, the most useful question is not "who made this mistake?" It is "what allowed this to get through, and how do we make it less likely next time?"

05 The warning signs that should prompt a review

You do not need to wait until something goes wrong.

A recovery audit is often triggered by a major event: a system change, merger, procurement review, audit finding or a new Finance Director wanting greater assurance. But there are quieter signs that a review may be worthwhile.

Warning sign	Why it matters
No recent recovery audit	You have not had an independent review of supplier payments in the last two to three years.
Large supplier base	You have many active suppliers, multiple entities or a high volume of low-value invoices.
System change	You have changed ERP, finance system, invoice automation platform or bank payment process.
M&A activity	You have acquired businesses, merged entities or inherited supplier records.
Manual statement reconciliation	Supplier statements are reconciled manually, irregularly, or only for high-risk suppliers.
Duplicate suppliers	Supplier master data contains duplicate names, dormant accounts or inconsistent naming.
Credit note uncertainty	The team cannot easily report on open supplier credits or aged credit balances.
Supplier query volume	Suppliers regularly query missing payments, unmatched items or balances.
Non-PO spend	A high proportion of invoices bypass purchase orders or matching controls.
Bank detail changes	Supplier bank changes are handled manually or mainly via email.
Limited exception reporting	The team does not routinely run duplicate payment, near-duplicate or unusual payment reports.

None of these warning signs proves that money has been lost. They simply tell you that the conditions exist for leakage to occur and go unnoticed.

06 The recovery audit process to follow

A clear process keeps the audit focused, proportionate and low-disruption.

The best recovery audits are not fishing expeditions. They are structured reviews with clear scope, good data handling, careful validation and a practical plan for recovery. The process below is the one AP and finance leaders should expect.

1 **Scope the review**

Agree the audit period, entities, supplier categories, payment types, systems and priorities. Identify known risk areas such as recent migrations, acquisitions or high-volume suppliers.

OUTPUT · SCOPE DOCUMENT, AUDIT PLAN AND DATA REQUEST LIST

2 **Extract the data**

Gather AP ledger data, supplier master data, payment history, credit notes, invoice records, PO data, statement data and any relevant pricing or contract records.

OUTPUT · SECURE DATA PACK WITH AGREED FIELDS AND DATE RANGES

3 **Cleanse and normalise**

Standardise supplier names, invoice numbers, dates, references, currencies and entity structures — critical because many issues are hidden by inconsistent formatting.

OUTPUT · CLEAN AUDIT DATASET READY FOR ANALYSIS

4 **Run analytics**

Use data analysis to identify duplicate payments, near-duplicates, credits, unusual values, mismatched references, inactive supplier balances and payment anomalies.

OUTPUT · LIST OF POTENTIAL FINDINGS AND EXCEPTION TYPES

5 **Validate the findings**

Review potential claims to remove false positives. Check supporting documents, payment evidence and supplier records before making contact.

OUTPUT · VALIDATED CLAIMS FILE WITH EVIDENCE

6 **Recover value**

Approach suppliers professionally, confirm balances and recover money or credits. Keep AP informed without pulling the team into unnecessary admin.

OUTPUT · RECOVERED FUNDS, CREDIT OFFSETS OR AGREED ADJUSTMENTS

06 The recovery audit process (continued)

THE BIT THAT MATTERS MOST

Finding the money is only half the job. The audit should also explain why the money was lost. Without that, the organisation is likely to recover cash once and then allow the same issues to build again.

7

Report clearly

Provide a clear summary of recoveries, open items, root causes, control gaps and recommendations.

OUTPUT · MANAGEMENT REPORT AND ACTION PLAN

8

Prevent recurrence

Turn the findings into practical improvements across master data, reconciliation, controls, reporting and automation.

OUTPUT · PREVENTION ROADMAP FOR AP AND FINANCE LEADERSHIP

07 What data is needed?

Good data makes the audit faster, stronger and less intrusive.

Finance teams sometimes worry that a recovery audit will take up too much internal time. In reality, a well-scoped audit should be front-loaded around data provision, with the audit partner doing the heavy lifting afterwards.

The exact data required depends on the organisation, systems and audit scope, but the following is a sensible starting point.

Data area	Useful fields or documents
Supplier master file	Supplier name, supplier ID, address, status, VAT number, bank details history if available, parent/child relationships and inactive flags.
AP transaction history	Invoices, credit notes, journal entries, payment references, transaction dates, gross/net/VAT values and posting entities.
Payment history	Payment runs, payment dates, payment methods, bank references and remittance details.
Invoice & credit note detail	Invoice numbers, credit numbers, PO references, goods receipt references, currency and supporting document references.
Purchase order data	PO number, supplier, value, requester, approver, goods received status and matching information.
Supplier statements	Current and historic supplier statements, particularly for high-volume or high-value suppliers.
Contract & pricing data	Rate cards, rebate agreements, volume discount terms, service schedules and contract changes.
System migration records	Legacy supplier references, old payment files or mapping tables where a system change has taken place.
Known issue log	Any supplier disputes, historic unresolved balances, audit findings or areas AP already suspects may be problematic.

DATA SECURITY POINT

Because a recovery audit involves supplier and payment data, information governance should be agreed before data is transferred. At minimum, expect a secure transfer method, clear access controls, confidentiality obligations, defined retention periods and a named point of contact.

08 Recovery audit vs internal vs external audit

These activities are related, but they are not the same.

Finance Directors are right to ask how a recovery audit differs from work already carried out by internal or external audit. The difference is largely one of purpose.

A recovery audit should not replace internal or external audit. It complements them by looking in detail at areas that may not be material at a statutory level but can still represent significant cash, wasted time or control weakness for the organisation.

External audit

MAIN PURPOSE

To provide assurance over the financial statements.

TYPICAL FOCUS

Materiality, balances, controls and financial reporting accuracy.

Internal audit

MAIN PURPOSE

To assess controls, risk, governance and compliance.

TYPICAL FOCUS

Control design, control effectiveness, process risk and policy adherence.

Recovery audit

MAIN PURPOSE

To identify and recover value lost through payment errors, supplier credits, duplicate payments or discrepancies.

TYPICAL FOCUS

Supplier payments, credits, duplicate transactions, statement differences and root causes of leakage.

09 The role of supplier statement reconciliation

This is where recovery turns into prevention.

If recovery audit is the retrospective view, supplier statement reconciliation is one of the best preventative controls available to AP teams.

Supplier statements show how the supplier sees the relationship. Your ledger shows how you see it. When those two views do not match, there is work to do. The difference may be a missing invoice, an unclaimed credit, a duplicated transaction, a timing issue, a payment allocation problem or a genuine supplier dispute.

The challenge is scale. For large organisations, supplier statements can contain thousands of lines. Manually checking them is time-consuming and often gets pushed down the priority list — which means the best early-warning signal in AP is not always being used.

Statement reconciliation can reveal	Why it matters
Missing invoices	The supplier is expecting payment for invoices not recorded in the ledger.
Unclaimed credits	The supplier statement includes credits that have not been offset or recovered.
Duplicate payments	The same item may have been paid twice or allocated incorrectly.
Disputed balances	Differences between supplier and customer records can be investigated before they become overdue debt or relationship issues.
Payment practice reporting	Better statement visibility supports a more accurate understanding of payment performance.
Audit trail	Regular reconciliation creates evidence of review, follow-up and resolution.

A USEFUL WAY TO THINK ABOUT IT

A recovery audit asks, “What have we already lost?” Supplier statement reconciliation asks, “What can we stop from becoming a bigger problem?” Finance teams need both.

10 Fraud, invoice manipulation and payment diversion

Recovery audits are not fraud investigations, but payment data can still tell you a lot.

Accounts Payable teams are on the front line of a growing risk: invoice fraud, supplier impersonation and payment diversion. Criminals know that finance teams process high volumes, work to deadlines and are often judged on keeping payments moving. That makes AP a target.

A recovery audit should not be positioned as a fraud investigation unless that is specifically within scope. However, the same discipline that helps identify duplicate payments and supplier anomalies can also highlight unusual patterns that deserve attention.

Supplier bank changes

Changes requested by email only, especially where the tone is urgent or contact details differ from those already held.

Invoice anomalies

Different layouts, unusual numbering, round values, missing PO references or values just under approval thresholds.

Supplier master changes

New suppliers, duplicate suppliers, dormant suppliers becoming active again or incomplete records.

Payment behaviour

Unusual timing, payments outside normal cycles, multiple payments in a short period or values that do not fit historic patterns.

Matching failures

Invoices paid without PO, delivery or goods receipt evidence, or where the invoice does not match agreed terms.

Communication issues

Supplier contact details changed on the invoice rather than through normal onboarding channels.

The practical response is not to make AP slower. It is to make AP better supported: clearer supplier onboarding, independent bank detail verification, better exception reporting, stronger approval routes and regular data analysis.

GOOD CONTROL DOES NOT MEAN MISTRUST

Strong payment controls protect suppliers as well as customers. They reduce disputes, stop genuine suppliers being impersonated and give AP teams the confidence to pause when something does not look right.

11 How to stop the same leakage coming back

The audit findings should lead to action, not just a recovery figure.

A recovery audit creates a useful moment. You have evidence. You can see the error types. You can see which suppliers, systems or processes are producing the most issues. That is the point where finance should move from recovery into prevention.

Prevention action	Why it helps
Clean supplier master data	Remove duplicates, review dormant accounts, standardise naming conventions and set clear rules for supplier creation.
Review supplier onboarding	Make sure new suppliers are validated, bank details are independently verified and ownership of records is clear.
Tighten change controls	Bank detail changes, address changes and key record amendments should have controlled approval routes.
Improve PO discipline	Increase PO usage where appropriate and investigate repeat non-PO suppliers or departments.
Automate statement reconciliation	Use technology to reconcile supplier statements more regularly and flag discrepancies earlier.
Monitor credits	Create reporting for open credits, aged credits and credits on inactive supplier accounts.
Run regular analytics	Schedule duplicate payment checks, near-duplicate checks, unusual value analysis and dormant supplier reviews.
Close the procurement–AP loop	Make sure price changes, rebate agreements and contract variations are visible to the team validating invoices.
Document the exceptions	When workarounds are used, record why. Repeated workarounds usually point to a process that needs redesign.
Report root causes	Separate the recovered amount from the cause. Finance leaders need both to make good decisions.

A HEALTHIER TARGET

The goal is not to create an AP function that never has an exception. That is unrealistic. The goal is to create a finance function where exceptions are visible, owned and resolved before they become leakage.

12 Automation and AI: helpful, but not magic

Technology is at its best when it gives experts better visibility.

There is a lot of noise around automation and AI in finance. Some of it is useful. Some of it is overclaimed. In recovery audit and statement reconciliation, the opportunity is real, but it needs to be understood properly.

Technology is very good at scale. It can compare large datasets, spot near-duplicates, read patterns, flag exceptions and process supplier statement lines far more quickly than a person can. That matters because many AP issues are only visible when you look across enough data.

But judgement still matters. A system can highlight a potential duplicate. A human still needs to understand the supplier relationship, the transaction context and the evidence before recovery action is taken.

Technology can help with	Practical benefit
Duplicate & near-duplicate detection	Useful where invoice numbers, supplier names or references vary slightly.
Supplier statement matching	Helps AP teams reconcile more statements, more often, without relying on manual VLOOKUPs.
Exception dashboards	Focuses team time on items that need review rather than lines that match cleanly.
Credit note tracking	Highlights credits that are open, aged or held against inactive suppliers.
Anomaly detection	Flags unusual values, timing, supplier activity or payment patterns.
Root cause reporting	Shows whether issues cluster around suppliers, entities, teams, systems or transaction types.

KEEP THE HUMAN IN THE LOOP

The best AP technology does not replace experienced finance people. It gives them cleaner data, faster matching and better exceptions so they can use their judgement where it matters.

13 Building the business case

FDs need more than "we might find something".

For a Finance Director, a recovery audit needs to make commercial sense. The business case is usually strongest when it combines potential recovery with better control, better visibility and reduced future leakage.

QUESTIONS THAT HELP FRAME THE OPPORTUNITY

01 What is our annual supplier spend?

02 How many invoices, credit notes and payment transactions do we process each year?

03 When did we last run an independent recovery audit?

04 How many active suppliers do we have, and how clean is the supplier master file?

05 Have we changed finance systems, acquired businesses or merged entities recently?

06 Can we report quickly on open supplier credits and aged credits?

07 How much supplier statement reconciliation is completed monthly?

08 Do we know how much time AP spends resolving supplier queries?

09 Do we have regular duplicate payment and exception reporting?

10 What would the value be if the audit helped us recover money and reduce repeat leakage?

A SIMPLE FORMULA FOR THE CONVERSATION

Annual supplier spend × estimated leakage risk = potential review value. The exact figure needs evidence, but this simple calculation helps bring the issue into a board-level conversation.

Where the audit is delivered on a no recovery, no fee basis, the commercial barrier can be lower because the fee is linked to successful recovery. Even then, the organisation should still consider internal time, data readiness, supplier communication and the quality of the final recommendations.

14 AP leakage self-assessment checklist

A quick way to assess whether a recovery audit should be on your agenda.

Score each statement from 1 to 5. A score of 1 means the control is weak, unclear or inconsistent. A score of 5 means it is strong, documented and regularly reviewed.

Statement	1	3	5
We have completed an independent recovery audit within the last three years.	○	○	○
We reconcile supplier statements regularly, not just when suppliers chase.	○	○	○
We can report easily on open supplier credits and aged credits.	○	○	○
Our supplier master file is clean, with limited duplicates or dormant records.	○	○	○
Supplier bank detail changes require independent verification.	○	○	○
We run regular duplicate and near-duplicate payment checks.	○	○	○
We monitor non-PO invoices and understand where they come from.	○	○	○
Contract pricing, rebates and discounts are visible to invoice validation.	○	○	○
We have clear ownership of supplier disputes and statement differences.	○	○	○
AP, procurement and finance leadership review leakage root causes together.	○	○	○
Total score			out of 50

SUGGESTED INTERPRETATION

10–24

High exposure — a review is likely to be worthwhile and may reveal wider process issues.

25–39

Moderate exposure — controls may exist, but gaps are likely, especially around reconciliation.

40–50

Stronger control environment — a periodic audit may still highlight isolated recoveries.

15 Choosing the right recovery audit partner

The partner should be thorough, professional and easy for AP to work with.

A recovery audit partner will be handling sensitive data, reviewing supplier transactions and potentially contacting suppliers on your behalf. The selection decision should not be based only on fee percentage or headline recovery promises.

Area to question	What to ask
Commercial model	Is the audit no recovery, no fee? What counts as a recovery? How are credits, offsets and open claims treated?
Experience	Have they worked with large UK organisations, multi-entity structures and high-volume AP environments?
Data security	How is data transferred, stored, accessed and deleted? What certifications, policies or controls are in place?
Process	How do they validate claims before supplier contact? How are false positives removed?
Supplier handling	Who contacts suppliers, how are communications managed and how is the finance team kept informed?
Internal workload	How much AP time is needed at each stage? What can the provider do without disrupting the team?
Reporting	Will the final report show root causes and prevention recommendations, not just a recovery total?
Prevention	Can they support statement reconciliation, automation or longer-term process improvement afterwards?
Tone	Will they represent your organisation professionally with suppliers? This matters more than many people realise.

THE RELATIONSHIP TEST

If the AP team sees the auditor as an extra burden, the process will feel painful. If they see them as a practical support, the audit becomes much easier and the findings become more useful.

16 Final thoughts: recover, report, improve

The best audits leave the finance team stronger than they found it.

A recovery audit should produce recoveries, but that is not the full value. The full value comes when the organisation understands the story behind the recovery.

Was the issue caused by duplicate supplier records? A system migration? Poor statement reconciliation? Contract pricing not reaching AP? Credits not being tracked? A supplier process issue? A weak bank detail control?

Once those answers are clear, AP and finance leaders can make better decisions. They can prioritise master data clean-up. They can justify automation. They can strengthen supplier onboarding. They can report more confidently to the board. Most importantly, they can reduce the chance of the same leakage returning in another form.

That, for me, is where recovery audits become genuinely valuable. Not just as a way to get money back, but as a practical diagnostic for how healthy the payment process really is.

NEXT STEP

If you are unsure how much payment leakage may exist in your organisation, Westgate Moore Associates can help review your AP data, identify recoverable funds and highlight the process improvements needed to reduce future risk.

17 About Westgate Moore Associates

Independent payment audit expertise with a practical AP-first approach.

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Westgate Moore Associates works with medium and large organisations to review supplier payments, identify payment errors and recover money where discrepancies are found. The team has extensive experience in Payments Audits and offers recovery audit work on a no recovery, no fee basis.

Alongside recovery audit work, WMA also supports Accounts Payable teams with automated supplier statement reconciliation, helping organisations identify discrepancies, improve cash flow visibility, support payment practice reporting and maintain better supplier relationships.

SOURCE NOTES AND FURTHER READING

Westgate Moore Associates — Payments Audit

westgatemoore.co.uk/payments-audit

Westgate Moore Associates — Automated Supplier Statement Reconciliation

westgatemoore.co.uk/statement-recs

Westgate Moore Associates — What is supplier statement reconciliation and why is it important?

westgatemoore.co.uk/what-is-supplier-statement-reconciliation-and-why-is-it-important

ICAEW — How to identify and deal with fake invoices

icaew.com/insights

ACFE — Anti-Fraud Data Analytics Tests

acfe.com/fraud-resources

Plenitude Consulting — summary of the NCA and NatWest invoice fraud campaign

plenitudeconsulting.com/news-insights

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GET IN TOUCH

Let's talk about what's hiding in your AP data.

Westgate Moore Associates reviews supplier payments for large UK organisations, recovers what has been lost, and helps finance teams build stronger controls for what comes next.

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Recover value. Reduce leakage. Strengthen AP controls.