

Overpayment Due to System Conversion, Vendor Relations Improved



Scenario

Two large non profit Health Systems in the Southwest merged and contracted SpendMend to conduct a Procure to Pay review. One of the main challenges management encountered was consolidating hundreds of hospitals on multiple systems and procedures into one system with unified controls.

Findings

As part of our deliverable, SpendMend mapped out the process to close open purchase orders within the Legacy system as they routed toward the “parent” system. Additionally, our data mining techniques allowed us to look holistically at both ERP systems for potential duplication on the payment side. We noted multiple scenarios where Duplicate Payments were made due to the Legacy system Purchase Order not closing properly, causing two unique Purchase Orders to remain open for the identical product. In one instance, the dollar figure approached the seven figure mark.

Result

During the vendor validation stage of the process, the vendor acknowledged the overpayment and also shared concerns with the payment of certain invoices that had aged well past 90 days. We shared that information with the client and led a joint session with the vendor to determine the breakdown in the process. As a result, the client not only received reimbursement of a material overpayment but also mended a control breakdown in one sector of their organization which enhanced their process and also solved frustration on the vendor side.



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