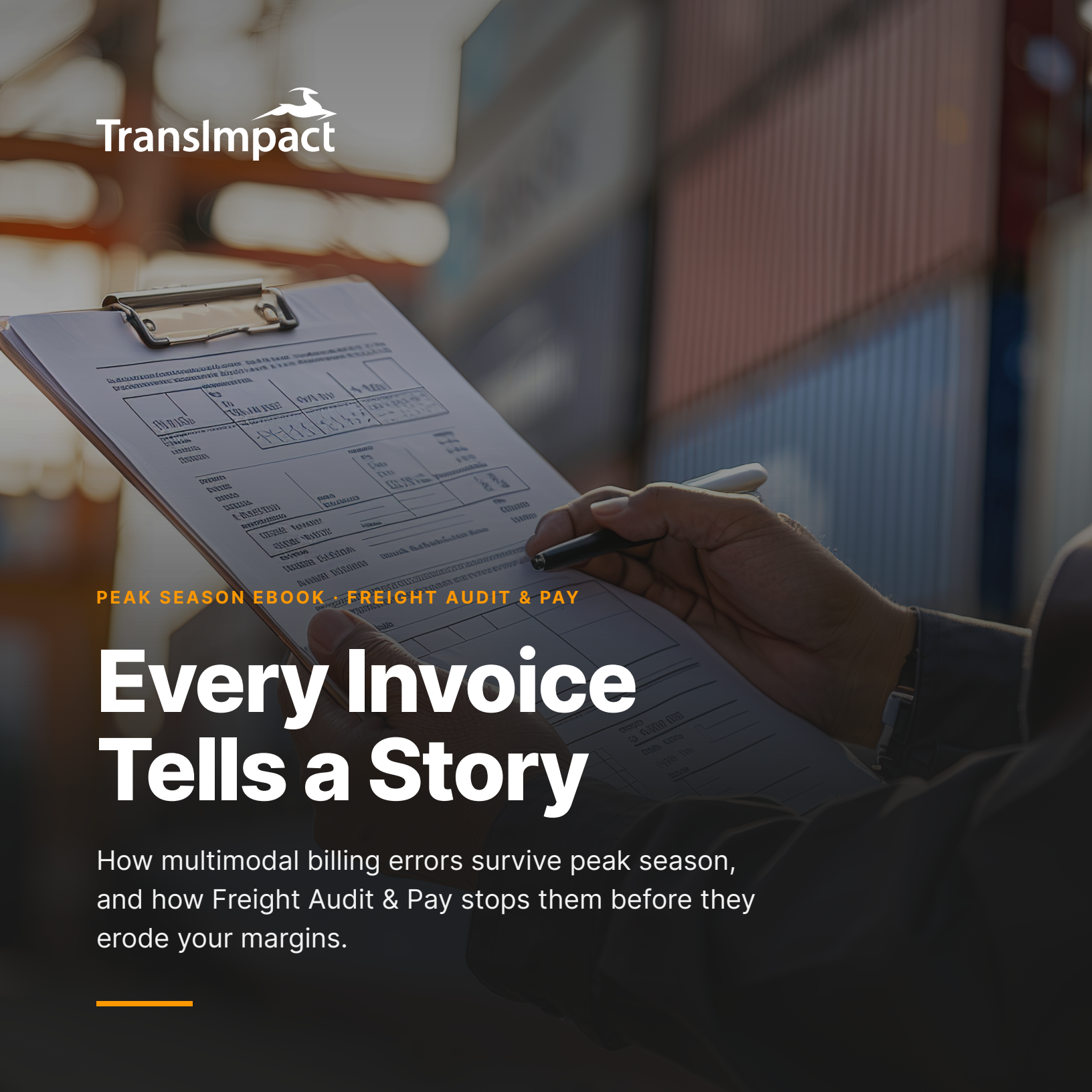


TransImpact

PEAK SEASON EBOOK · FREIGHT AUDIT & PAY

Every Invoice Tells a Story

How multimodal billing errors survive peak season, and how Freight Audit & Pay stops them before they erode your margins.

INTRODUCTION

Every freight invoice is a story about your shipment, written by someone who was there when you were not. Perhaps a dock worker in Memphis put your pallet on a scale and wrote down a heavier weight than the one on your bill of lading, or a driver waited three hours outside a congested warehouse and started a clock. Meanwhile, a parcel carrier decided that a delivery address in Ohio belonged to a home and added a surcharge. Whether these events are true or exaggerated, the bills all arrive with a due date, so you pay.

> Paying freight on trust is common, but it falls apart as volume grows and modes multiply. No one can fact-check hundreds of scenarios written in a different billing language for every mode, and nothing exposes the breaking point faster than peak season.

An error that slips past your team in November becomes a payment in December and a discovery in February, if anyone discovers it at all, and by then the dispute window may have closed.

NOVEMBER	DECEMBER	FEBRUARY	TOO LATE
Error slips past	Invoice is paid	Error discovered, if at all	Dispute window may be closed

Freight Audit & Pay software keeps you from reaching the breaking point. It captures invoices, validates or disputes charges, and pays the balance. This guide will explain how errors survive in multimodal environments and how you can use an FA&P solution to stop them before they erode your margins.

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01

CHAPTER 1

Billing Across Different Modes

Ship the same 500-pound order as a stack of parcel boxes, as a pallet on a less-than-truckload (LTL) trailer, or as part of a full truckload, and you will receive three invoices that price it three different ways. In every mode, the final amount depends on details confirmed after the shipment leaves your dock.

01 · BILLING ACROSS DIFFERENT MODES

One 500-lb order. Three invoices.



Parcel

A stack of boxes



LTL

A pallet on a shared trailer



Truckload

Part of a full trailer

Less-than-truckload (LTL) shipping shares trailer space among multiple shippers for smaller loads, while full truckload (FTL) dedicates an entire trailer to a single shipment.

Each mode bills for those details with its own fees, including:

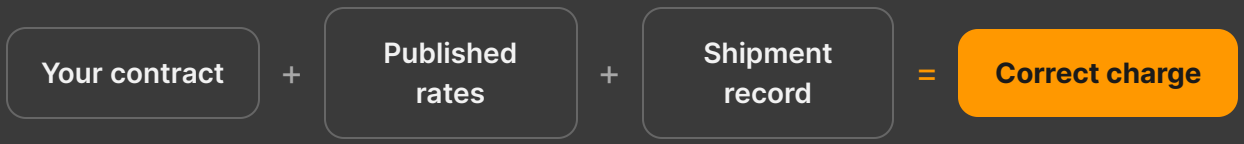
Parcel	dimensional weight · address corrections · residential surcharges · delivery area surcharges
LTL	NMFC freight class · reweighs · reclassifications · liftgate · inside delivery
Truckload	fuel surcharges indexed to diesel prices · detention · layover
Intermodal & drayage	chassis fees · per diem · demurrage
Air & ocean	chargeable weight · terminal handling · port fees

01 · BILLING ACROSS DIFFERENT MODES

Each of these charges is a standard part of how carriers price their services. Whether a specific charge applies to a given shipment, and at what amount, depends on rules that vary by carrier and by contract. The correct amount for each charge comes from a different source, such as:

CHARGE	WHERE THE CORRECT AMOUNT COMES FROM
Dimensional weight	the measured size of each box and the divisor in your parcel agreement
LTL charges	your negotiated discount, the carrier's tariff, and the class of each shipment
Detention	the free time written into your truckload agreement
Per diem	the free days allowed before container charges begin

A charge on an invoice is correct only when your contract, the carrier's published rates, and the shipment record all support it.



Confirming that for every line on every invoice is the work Freight Audit & Pay exists to do.

That confirmation takes fluency in each mode's rules. An accounts payable specialist who can read a parcel invoice line by line may never have seen a per diem charge, and a transportation manager who knows LTL classification may not know how an ocean carrier calculates terminal handling.

With that many rules, rates, and formats in play, errors are a natural byproduct of the complexity.

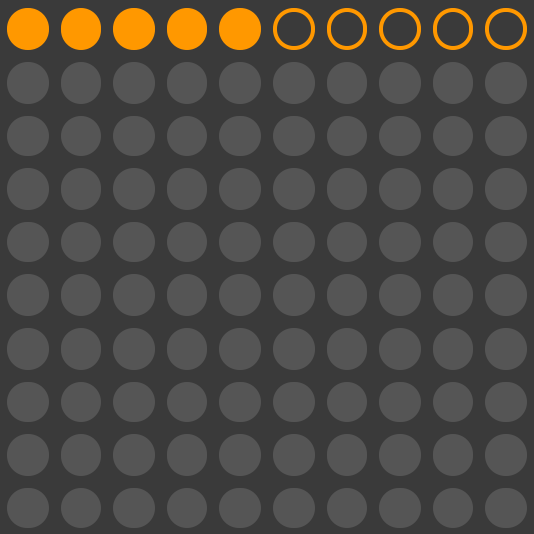
CHAPTER 2

Following the Money 02

5–10%

of freight and parcel invoices contain errors

Source: Tompkins Ventures estimate



5 in 100 invoices, low estimate

Up to 10 in 100, high estimate

Every error has a cost. Tompkins Ventures estimates that 5 to 10 percent of freight and parcel invoices contain errors. Those errors come from mismatches between an invoice and the contract, tariff, or shipment record behind it, and they tend to take a few forms:

Five common invoice errors

01

Duplicate invoices

the same shipment billed twice, such as once through electronic data interchange (EDI) and again through a carrier portal

02

Rate mismatches

charges that differ from your contract or the carrier's tariff, such as a negotiated discount missing after renewal.

03

Outdated fuel surcharges

a percentage calculated from an old diesel price or an expired fuel schedule

04

Weight and class discrepancies

a weight or freight class that differs from the shipment record, whether the error started in your system or the carrier's

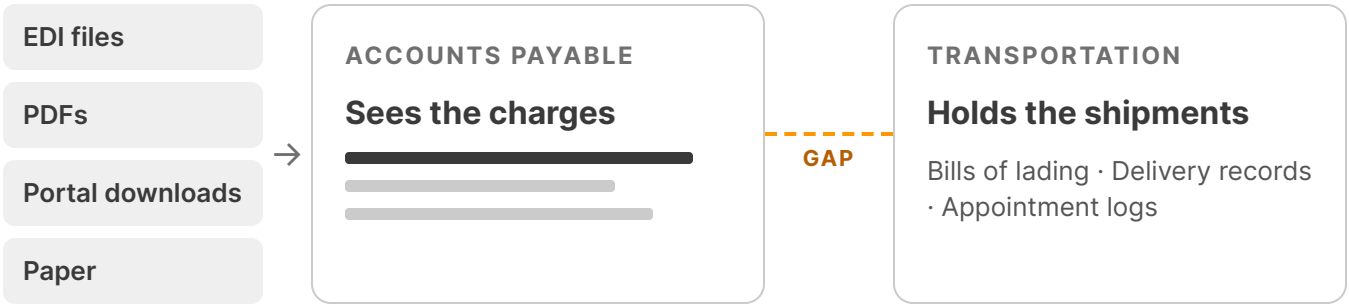
05

Accessorials without a matching record

a charge such as liftgate or inside delivery on a shipment whose record shows a standard dock delivery

> **Each of these errors is easy to spot once someone compares the invoice to the right records. The harder question is why that comparison does not happen for every invoice.**

Two teams, two halves of the record



The answer starts with how invoices arrive. They come as EDI files, PDFs, portal downloads, and paper from dozens of carriers. Each has its own payment terms, and someone must capture and organize that data before anyone can check it. Then, the invoices go to accounts payable. They see the charges but not the shipments. Meanwhile, your transportation team holds the bills of lading, delivery records, and appointment logs. Matching the two takes time neither team has. As due dates approach, your team pays invoices as billed to stay on schedule.

INVOICES LIKELY TO CONTAIN ERRORS AT 5–10%

Per 100 invoices	Per 1,000 invoices	Per 10,000 invoices
5–10	**50–100**	**500–1,000**

Based on the Tompkins Ventures estimate that 5 to 10 percent of freight and parcel invoices contain errors

Once an invoice is paid, cost allocation can make its errors harder to find. When a single invoice covers shipments for several departments or locations, finance splits its cost across their budgets, and any overcharge gets split with it. Each budget owner sees only a small piece, and a small piece gives no one a reason to question the charge.

> **Finally, time becomes an important factor. The greatest volume of freight all year occurs during peak season, when many companies are closing out their books. There is simply less time to check all the invoices for errors.**



03

CHAPTER 3

Scaling the Peak

During peak season, invoices become even more complicated to track. Each mode brings its own peak pressures, and each shows up on the invoice as a different set of charges:

03 · SCALING THE PEAK

Peak pressure, by mode

Parcel

Parcel volume is higher and more holiday orders go to homes, which incur peak, demand, and residential surcharges

Peak · Demand · Residential

LTL

LTL shipments face fuller terminals and tighter capacity, which bring more reweighs and reclassifications

Reweighs · Reclassifications

Truckload

Contracted carriers may run short of trucks, so more loads move on the spot market at higher rates

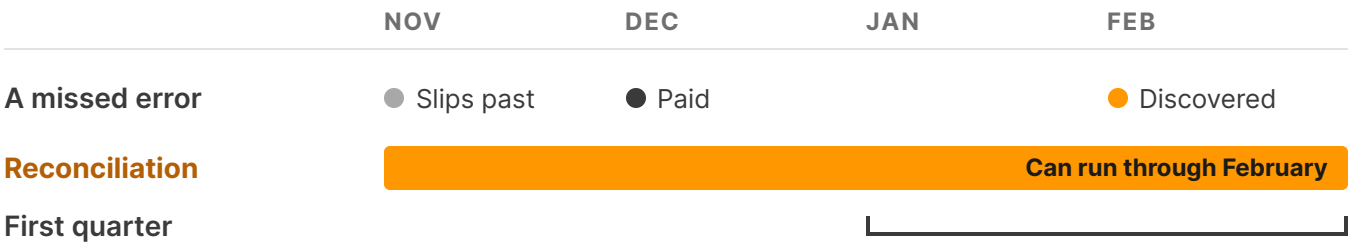
Spot market rates

Intermodal & ocean

Containers have longer waiting periods at ports and rail yards, which bring per diem and demurrage

Per diem · Demurrage

Peak season doesn't end when peak shipping does



Meanwhile, invoices for peak shipments keep arriving after peak season ends. Carriers also send corrections, rebills, and credits for shipments that already have invoices. Disputes your team files over peak charges can take weeks to resolve. As a result, reconciliation can run through February. That is why peak season matters well into the first quarter.

Still, the disputes have deadlines. Without a way to verify charges before the deadline, your company might pay bills it should not. **This is where FA&P software plays an important role.**

CHAPTER 4

04 Applying Freight Audit & Pay

Freight Audit & Pay is a process for checking every carrier invoice before and after your company pays it. It closes the gap between accounts payable and transportation teams by providing a financial control and intelligence layer.
The process compares each charge to the contracts, tariffs, and shipment records. It applies the same checks to every carrier and every mode. The work happens in two stages: one before payment and one after.



BEFORE PAYMENT		PAYMENT	AFTER PAYMENT
1 Capture	2 Audit	3 Pay	4 Recover

The process follows these steps:

1	**Capture**	The process collects invoices from every carrier and converts them into one consistent format, so the same checks apply to every invoice.
2	**Audit**	Before payment, the process compares each charge to the contract, tariff, and shipment record behind it, and checks for duplicates. Charges that do not match go to review, which determines whether the invoice or the shipment record is wrong.
3	**Pay**	The process pays approved invoices on each carrier's terms. It also assigns each shipment's cost to the department, location, or business unit that incurred it.
4	**Recover**	After payment, the process reviews paid invoices and the corrections, rebills, and credits that arrive later. It disputes incorrect charges and follows each refund claim until the carrier issues a credit or the records confirm the original charge.

Two parts of this process matter most after peak season.

AUDIT RULES

The first is audit rules, the instructions the process uses to check each charge. Those rules need each carrier's peak surcharge dates. When the rules are out of date, the process can miss incorrect charges and flag correct ones.

CLAIM TRACKING

The second is claim tracking. The tracking record shows every open dispute and refund claim, the carrier it is with, and when its deadline arrives. After peak season, claims can be open with many carriers at once, and that record keeps each one from expiring before recovery.

WHAT THE TRACKING RECORD SHOWS

01
Every open dispute and refund claim

02
The carrier it is with

03
When its deadline arrives

The process also produces a record of every charge from every carrier, in one consistent format. FA&P reporting turns that record into information that other teams use, including:

01

Carrier scorecards

each carrier's billing accuracy, measured the same way in every mode

02

Mode comparisons

the full cost of shipments in each mode, including accessorials and adjustments

03

Negotiation records

a history of each carrier's charges and billing errors for contract talks

04

Accruals and forecasts

audited costs for finance to accrue and forecast from



05

CHAPTER 5 · CASE STUDY

Proof in Practice

A global automotive parts distributor ships replacement components to customers in every major market. Tens of thousands of its packages move every day.

At that volume, delivery exceptions happen every month. Some packages arrive late. Some are lost. Others run into service failures along the way. Those exceptions can make a package eligible for a refund.

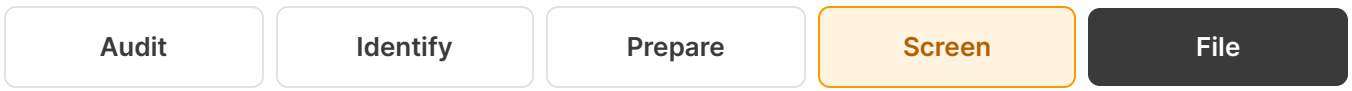
BEFORE

The distributor's team tried to find refund-eligible packages by hand. With that many packages moving daily, a manual review could never cover them all. Even the packages the team did flag took hours of follow-up to gather the documentation each carrier requires.

To control the situation, the distributor also worked with an outside auditor. However, that auditor filed refund claims that should never have been filed. The carriers responded with notices about false refund requests, which strained relationships.

AFTER

The distributor finally moved to an automated FA&P process. The process now audits every shipment for service failures and billing errors, identifies each eligible refund claim, prepares each claim with documentation in the format the carrier requires, and then files the claim. Before anything is filed, the process screens out claims that would not hold up to carrier review. The distributor's team no longer chases invoices or assembles paperwork.



The results:



refund claim success rate on eligible packages

5%

reduction in total parcel shipping costs

Zero

false claim notices from carriers since the switch

Accuracy made those results possible. Filing only the claims the records supported brought money back and ended the notices that had strained the distributor's carrier relationships.

CHAPTER 6

Conclusion

When every carrier invoice tells the story of a shipment in a different language, errors become hard to find. TransImpact Freight Audit & Pay audits every invoice across every mode, including parcel, and files the refund claims your records support.



Find out what your invoices aren't telling you.

Request a Demo

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