CLIENT SUCCESS STORY

MAP Supplier Invoice Reconciliation

INTRODUCTION

How do you know that your suppliers are charging you accurately? This case study looks at how you can utilize your own data sources to create a view of the expected invoice, then perform a reconciliation to identify and categorise outliers in the supplier invoice.

This case study will focus on how a combination of internal and external data is used to allow proactive calculation of expected monthly charges, using the agreed contracted rates. It then discusses the steps taken by Peraison, as well as some of the logic used, in order to enable validation of MAP invoices at an invoice row level.

BUSINESS PROBLEM

Energy suppliers provide gas and electricity to individual properties through meters. If they do not own the meter, then they will need to pay a rental fee as dictated by their contract with the Meter Asset Provider (MAP). There are many types of meters, with differing age profiles, which use different daily charge rates. The main difficulty lies with knowing whether you are being charged the correct daily rate for the correct period (i.e. the right price for that particular meter, for that particular date, in that particular state). This was an existing revenue assurance gap that we would address.

COMPANY HIGHLIGHTS

Region

UK

Industry

Utilities/ Energy

Division

Revenue Assurance

Approach

Data 360 Analyze, Revenue Assurance, Data Quality, Data Accuracy, ETL, Reconciliation

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SOLUTION

The key to validating the accuracy of MAP invoices is to obtain and maintain an ongoing view of the meter assets. It is important to know what the state of the meter is (i.e. installed/removed), along with the meter type (e.g. Classic, SMETS1, SMETS2, etc) and whether the meter is on supply – throughout time – as all of these factors affect pricing.

With the meter and supply data identified (from both internal and external sources), we then used the Data360 Analyze visual ETL tool to pull data from the various database sources and to create a view of the meter/supply data, which we then stored within a new database structure. This new database structure provided the input for the calculation of how many days of rental would need to be paid for each meter (in a specified period – usually monthly), and at what rate. We referred to these expected charges as "accruals".

Once the MAP invoice was received, an automated process compared the backing data (i.e. the invoice "per meter" charges) against the accruals in order to establish one of three possible outcomes per invoice row:
1. An accrual exists but there is no matching charge on the invoice – take no immediate action as the charge may appear on a future invoice instead
2. An accrual exists and there is a charge on the invoice
3. A charge appears on the invoice but there is no accrual (i.e. this is an unexpected charge)

For the rows of invoice data (#2 and #3), further automated checks are then performed to check the validity of the charge and to establish any reasons why differences may occur. Commentary is added against each row to highlight this information to the Analyst that will review the reconciliation output – the Analyst will then liaise with the MAP to dispute certain charges.

Some examples of further checks performed are:

- Was the meter installed during that period?
- Was the supply point on supply during that period?
- Does the invoicing MAP match the meter owner MAP?
- Does the meter type match?
- Does the daily rate match?

Once the reconciliation has been performed for every row of invoice data, then an output file will be produced. The data is also displayed on a Power BI dashboard, so that a historical view of the invoice accuracy can be viewed (and assessed) by any interested parties.

RESULT

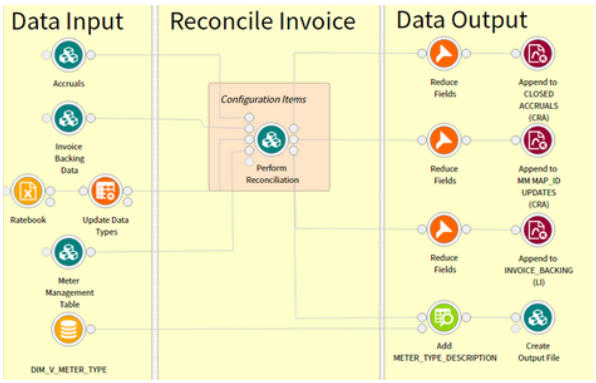
The main objective for this engagement was to perform a revenue assurance engagement – i.e. to answer the question of "Are we being charged correctly?"

Prior to our arrival, the client did not have a view of whether the MAP invoices that were being received were correct/undercharging/overcharging, but there was an underlying assumption that overcharging was prevalent within the suppler invoices. The previous six years of invoices were checked and an estimated overcharging of between £1-3m annually was identified.

Their objective was to progress to a point where every row of every invoice could be validated by an automated process – and if there was a difference then to perform additional automated checks to identify why the difference existed. This allows their Analysts to spend their time reviewing and disputing the identified differences, rather than manually reviewing (or spot checking) the MAP invoice data.

The client now has access to row-level validation of invoice data, along with a dashboard to track MAP invoice charging activity over time. In addition, due to the use of multiple internal and external data sources (used to improve data quality), the Invoice Assurance team now receives various ad-hoc data queries from around the business – as the team now have views of data that are not available to other areas of the business.

£1-3M
SAVED PER ANNUM



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