



Identifying Problem Invoices

The inspiration for this article was provided by a recent case we worked on. At first glance the claim appeared to be well documented and did not raise any red flags. The submission for a “like kind quality” replacement estimate included ten electronic components. Of the claimed components we were unable to identify three of the supplied model numbers. We therefore requested further documentation in an attempt to identify the original models. The adjuster provided us with the original invoice which the insured had supplied to him, and that is when the light went on for this article.

I think most of us assume that when we are supplied with an invoice, everything is good and we can then move on to the next step in the process. Unfortunately in the digital age this is not always so; documents can now be easily modified, created from scratch or as is the case with this particular invoice, created in an actual store’s invoicing system and subsequently deleted once it has been printed.

Directly below you will find the original invoice with which we were supplied, with the store’s name and GST number removed. See if you can identify the problem!

Company Name
And Address
Were Printed Here

INVOICE

Invoice No.: 41589
Date: 08/15/2007
Ship Date:
Page: 1
Re: Order No.

Sold to:
Cash Sales

Ship to:
Cash Sales

Business No.: 12283 2397 RT0001

Item No.	Unit	Quantity	Description	Tax	Unit Price	Amount
VS2000ULT	Each	3	HDMI Cables; 5 Meter Length	GP	250.00	750.00
SA-EXSIDBF	Each	1	Flat Panel Wallmount for 40-48" TV	GP	300.00	300.00
			GP - GST 5.00%, PST 8.00%			52.50
			GST			84.00
			PST			
Company GST # Was Here						
Shipped By: Tracking Number:						
Comment: Net 30 Days. 2% Per Month Overdue Accounts.					Total Amount	1,186.50
Sold By:						

For this particular invoice the problems rests in the GST. The invoice is dated in 2007, but the GST is charged at 5%! The change in the GST rate to 5% was not made until January 2008. While it is quite easy in this day and age to create or modify documents it is not always as easy to remember the little details.

This brief article will highlight some of the indicators you can look for in determining the validity of the invoice you’ve been provided. Many of these points may already be everyday practices for some, but perhaps not for others.

- 1) The most consistent identifier we find attached with bad documentation is a cash payment, especially on a larger amount. You’ll notice the example invoice was also paid cash
- 2) In the case of a “cash” receipt. You may want to examine the invoice further. Some details to consider are; is there a name and address on the invoice? Does it match the insured’s? Is it a hand written receipt from a company that issues computerized receipts? Does the insured have their bank statement to verify the withdrawal for payment?
- 3) Is the invoice recent or older?
 - a. Are the tax percentages correct?
 - b. Was the product listed on the invoice even available at that time? We have identified a number of invoices where the product listed was not even manufactured at the date of the invoice
- 4) Does the GST rate match the date of the invoice
 - a. 5% January 2008
 - b. 6% July 1 2006
 - c. 7% Prior to July 1 2006
- 5) Is there a sku # or item # used to identify the item on a computerized receipt? If this information is not present the software has no way to track inventory. While this is not a definitive indicator of a problem it does indicate the software program is not being used for inventory control.
- 6) Is there a model number? If there is no sku (sometimes the model number is used as the sku) a model number would be necessary to track inventory.
- 7) Does the invoice number match the dates? If you have more than one invoice from the same store you can follow to see if the dates and invoice numbers progress systematically.
- 8) Does the invoice number make sense for how long the store has been open? We have encountered invoice numbers which were only in the 100’s for store that had been in business for years.
- 9) Has GST been charged on the invoice? Is there a GST or business number on that invoice? If the store is GST registered they must include their GST number on the invoice.

The tips we have provided may serve as reminders, may be new information, or perhaps a combination of both. In any event, we hope you find them useful. As always, should you require further assistance, never hesitate to contact us a ClaimControl.

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