

Freight Audit Checklist

[FREE CHECKLIST]



MachShip

115 Cremorne St, Cremorne
Victoria 3121 Australia

Info@machship.com
1300 622 474



WWW.MACHSHIP.COM

Your freight audit checklist

Here's a step-by-step guide to a thorough freight audit.

1. Collect your invoices

First port of call is to get all your invoices together. You want the detailed CSV files sent by your carrier, not the basic PDF invoices that go to your finance department. These have the full rundown of itemised costs which you'll use to cross-check your invoices.

2. Set a tolerance

An invoice that's out by a dollar or two probably won't keep you up at night. To avoid wasting time on these little discrepancies, decide on a tolerance you can work with - for example, anything overcharged by \$10 or less goes through to the keeper.

This may just be an internal process agreed upon throughout your team - but if you're using a smart freight management system like MachShip you can specify tolerances in your settings.

3. Scan for inconsistencies

The next step is to look through each invoice and look for discrepancies between the quoted cost and the final invoiced amount. If you have a freight management system with robust invoice reconcile capability, this will only take a minute or two. However, if you're doing this manually, it could take up most of your day.

MachShip, for example, automates this process. All you need to do is import your CSV file and everything is instantly reconciled. MachShip also allows you to set up workflows for reclaiming credit from carriers (more on this later).

Common reasons for freight invoice price inconsistencies:

- Check weights are inconsistent
- Items have been added to the consignment
- You've been billed at the wrong rate
- Wrong service (for example, express rather than regular, or air rather than sea)
- Fuel surcharges or other levies have been added without your knowledge

4. Cross-reference with carrier performance metrics

Most shippers are diligent with freight audits, but don't cross-reference those with the general performance of the carrier. Are you getting good value for money?

Whereas carrier invoice reconciliation is normally done on a regular basis (eg. weekly), you don't need to check your carrier performance metrics as often - quarterly is fine.

It's always better to use your own efficiency and DIFOT metrics (if you're collecting them) so you know the source of the data.

5. Review your carrier rates

Now is a good time to check the rates you're being charged by your carrier. You want them to be consistent with the rate you have previously negotiated (or that your 3PL or 4PL has negotiated for you).

Also consider their performance metrics (as in point 4) and any discrepancies you have picked up during the reconciliation process. You may have cause to renegotiate a lower rate or even look for a new carrier to partner with.

6. Create credit requests for any overcharges

Once you've identified any discrepancies, you need to go back to your carrier and request that a credit is added to your account for the amount you've been overcharged.

If you're working through this process manually, you'll need to compare the amounts, work out the difference and create a credit request. If that sounds a bit tedious, MachShip can do it all for you - automatically scraping the invoices and presenting you with a ready-made credit request. All you need to do is hit send!

A B O U T U S

MachShip has been developed by a team of transport and software specialists. Our mission is to enable greater efficiencies in the way organisations facilitate their logistics operations.

We are a different kind of freight management system provider because we developed our technology around you – our distribution, shipping and logistics customers.

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