

Freight Audit: Check transport costs, reduce freight costs

Freight audit refers to the systematic checking of freight and logistics invoices for calculation errors, incorrect tariffs, duplicate billing and surcharges not contractually agreed. The term covers both continuous invoice checking in day-to-day operations and the analytical evaluation of freight cost structures. In practice, identified billing errors alone frequently yield savings potential of one to three per cent of the freight budget; additional potential arises from derived optimisations in transport organisation.

Key facts

- Freight audit systematically checks transport invoices for errors, incorrect tariffs and surcharges not contractually agreed.
- The process can be carried out internally, via specialised service providers or in combination.
- Typical billing errors are incorrect weights, wrong distances, duplicate invoices and implausible surcharges.
- Key metrics are invoice error rate, recovery rate and audit coverage rate.
- A clean freight audit provides reliable data for freight tenders and the supplier scorecard.
- The foundation is precise contracts with defined tariffs, surcharges and audit rights.

Definition: what is freight audit?

Freight audit is the systematic checking and reconciliation of freight invoices against the underlying contract, the shipment data and the agreed tariffs. The aim is to uncover billing errors, verify claims correctly and secure the data quality of transport costs.

Distinction from classical invoice checking

Unlike general accounts payable processing, freight audit does not only check formal criteria such as invoice number or payment terms, but recalculates every shipment line by line against tariff tables, weights, volumes, routes and surcharge rules. This requires shipment data from the transport management system and contract data from procurement. Only in this way can discrepancies be identified automatically and rejected with justification.

Freight audit and freight payment

In the Anglo-Saxon world, freight audit and freight payment are often understood as a connected process: once approved, the checked invoice is settled automatically. In German industrial companies, separation is common, with the audit located in logistics or procurement and the approval handed over to accounts payable. Both variants require clearly regulated responsibilities and a defined escalation process in the event of disputes.

Typical sources of error in freight invoices

Freight invoices are error-prone because prices depend on weight, volume, distance, means of transport and surcharges, and each of these variables can deviate on the billing side. In practice, a relevant proportion of invoice items contain discrepancies, which usually result from system and data transfer errors and rarely from intent.

Weight, volume and distance errors

The most frequent source of errors is invoiced weights that do not match the shipment data captured, particularly with volumetric weights in air and parcel freight. Distances in kilometres based on outdated route calculations also lead to discrepancies. Since tariffs often end in expensive bands, a single incorrect threshold can account for several per cent of the invoice.

Surcharges and additional cost provisions

Surcharges such as the energy price surcharge, toll components, waiting time flat rates or fuel formulas are often formulated in a complex way and difficult to trace in practice. Typical audit topics are surcharges not contractually agreed, incorrectly applied fuel indices or double calculation of the same item. Without a clear contractual basis – such as a binding offer with a complete surcharge catalogue – such discrepancies are difficult to enforce.

Duplicate and incorrectly allocated invoices

Duplicate billing of the same shipment, allocation to the wrong cost centre framework or billing via the main carrier although a subcontractor performed the service are easy to overlook in day-to-day operations. Systematic reconciliation using shipment numbers and consignment note data reliably uncovers such cases and prevents duplicate payments.

Methods and approach in freight audit

The process typically follows a fixed sequence: capture shipment data, reconcile invoice items against contract and tariff data, classify discrepancies, submit disputes and evaluate results. Depending on the depth of checking, 100 per cent of invoices can be controlled or sampling procedures used.

100-per-cent check versus sampling

Where invoice volumes are high, many companies only check samples or set thresholds below which discrepancies are tolerated. A complete check can today be carried out automatically and is in practice the standard for forwarding shipments with clear tariff structures. For complex ship loads or project-style transports, manual checking with reconciliation against the asset or service order often remains indispensable.

Internal checking or outsourcing

Companies can set up freight audit internally within logistics procurement or outsource it to specialised service providers that work on a success basis and typically agree a share of the recovered amount as remuneration. Outsourcing reduces the administrative burden but requires clear contracts on data access, confidentiality and escalation routes. Many companies combine both models: service providers for mass checking, internal competence for strategic evaluations.

Dispute process and deadlines

Disputes must be raised within contractually defined deadlines, frequently between 30 and 90 days. A structured escalation process with defined contacts at the carrier and documented decision-making authority prevents disputes from lapsing. It is important to have a clear agreement on how items that cannot be unambiguously clarified are to be handled.

Key KPIs in freight audit

Metrics show whether the checking process is working and what financial potential it delivers. They should be evaluated regularly and communicated transparently to the carrier as well as internally in management reporting.

Invoice error rate and recovery rate

The invoice error rate describes the proportion of disputed items out of all invoices or items checked. The recovery rate indicates what proportion of the disputed amounts was actually refunded or credited. Values below an acceptable level point to unclear contractual frameworks or a weak negotiating position.

Audit coverage rate and lead time

The audit coverage rate shows what proportion of invoices was actually reconciled line by line. The lead time from receipt of invoice to approval affects early-payment discount deadlines and should be kept short enough that no discount opportunity lapses unused. Both metrics are suitable as part of a supplier scorecard for carriers.

Surcharge structure and on-time performance

Additional evaluations can be derived from the checked invoice data, for example the proportion of surcharges in total costs or the distribution of costs across lanes and means of transport. Where on-time performance and billing quality are considered together, a reliable picture of supplier performance emerges that can flow directly into supply chain resilience assessment.

Risks and controls

Freight audit only has an effect if contracts, data and processes are cleanly aligned with one another. Missing contract data, incomplete shipment data and unclear responsibilities are the most frequent causes of unnecessary payments and lost claim deadlines.

Secure contractual foundations

Prerequisites for effective auditing are unambiguous tariff tables, a complete surcharge catalogue, defined audit and dispute rights and, where applicable, provisions on liquidated damages in the event of repeated incorrect billing. The obligation to retain documentation and to provide evidence of shipment data should also be fixed contractually. Unclear wording on surcharges regularly leads in practice to disputes that could have been avoided through a risk analysis beforehand.

Data quality and system integration

Without reliable shipment data from the transport management system, the audit remains a manual chore. Interfaces to carrier systems, standardised shipment numbers and consistent weight capture are essential control instruments. Companies with multiple sites or 4PL models should ensure that all

parties involved use uniform data formats.

Organisational responsibilities

In day-to-day operations, a clear allocation of responsibilities determines success: who raises disputes, who approves, who escalates? A category charter for the transport category can conclusively regulate roles, decision-making authority and reporting lines and prevents discrepancies from being tolerated for lack of time. At the same time, category governance should define how audit results flow into upcoming freight tenders and negotiations.

Current developments

Automated checking, AI-supported data reconciliation and the growing share of digital freight documentation are changing freight audit considerably. At the same time, volatile additional costs such as the energy price surcharge increase the pressure for transparent, traceable billing.

Automation and AI

Modern checking tools automatically compare invoice items with contract and shipment data and detect patterns such as recurring surcharge errors. AI-based procedures help extract freight data from unstructured documents and reduce the manual effort. Limits remain, however, with project-specific special agreements and international shipments with country-specific fees.

Sustainability and regulatory aspects

Increasingly, emissions data is flowing into freight billing and checking, for example in carbon accounting and sustainability reporting. The correct billing of emissions-related charges and the reconciliation of emissions figures extend the classical audit scope. Companies with cross-border traffic must also ensure that reporting obligations such as Intrastat reporting are based on correct shipment and goods value data – here freight audit builds a bridge to compliance.

Typical metrics

Invoice error rate: 1–3 %

Proportion of invoices with discrepancies; strongly dependent on tariffs and industry

Recovery rate: > 80 %

Proportion of disputed amounts actually refunded

Audit coverage rate: > 95 %

Invoices checked line by line; realistically achievable through automation

Invoice checking lead time: < 7 days

Keep short so as not to jeopardise early-payment discount deadlines

Surcharge share: 10–25 %

Proportion of surcharges in total costs; a frequent field for negotiation and checking

Practical example

A mid-sized machinery manufacturer with around 40,000 freight invoices per year discovered in an initial analysis that a considerable proportion of the surcharges was not clearly contractually regulated and that weight data frequently deviated from the actual shipment weight. After introducing an automated

audit and adjusting the freight contracts, the company significantly reduced billing discrepancies and for the first time obtained a reliable data basis for the annual freight tender.

- Automated 100-per-cent check of all parcel and part-shipment invoices against tariff and shipment data
- Adjustment of the freight contract with a complete surcharge catalogue and a 60-day dispute deadline
- Inclusion of invoice error rate and on-time performance in the carriers' supplier scorecard
- Annual evaluation of the audit data as input for freight tenders and cost scenarios

Conclusion

Freight audit is more than invoice checking: it secures the financial correctness of transport costs and provides the data basis for negotiations, tenders and supplier evaluations. Success depends less on the checking method than on clean contracts, reliable shipment data and clear responsibilities. Companies that set up the process in an automated way typically benefit twice – through recovered amounts and better cost transparency. Those who conclude freight contracts with auditability deliberately in mind avoid disputes from the outset. In practice, the effort usually pays for itself within the first year.

Frequently asked questions

What does freight audit mean?

Freight audit is the systematic checking of freight invoices against contracts, tariffs and shipment data. The aim is to uncover billing errors, reject unjustified claims and secure the data quality of transport costs. The process can be carried out internally or via specialised service providers.

How does a freight audit work in practice?

Every freight invoice is compared line by line against the contractually agreed tariffs, surcharges and the recorded shipment data. Discrepancies are classified, raised within contractual deadlines and clarified with the carrier. Automated systems now enable a complete check for standardised shipments.

How much can be saved through freight audit?

Directly identified billing errors in practice frequently amount to one to three per cent of the freight budget, depending on tariff complexity and data quality. In addition, indirect potential arises because the audit data reveals weaknesses in transport organisation and negotiation approaches for future tenders. External service providers are often remunerated on a success-fee basis.

When is an external freight audit service provider worthwhile?

Externally, a freight audit is worthwhile above all where invoice volumes are high, international forwarding complexity is significant or internal resources are limited, as service providers charge on a success basis and no-cure-no-pay models are common. Internal checking, by contrast, offers more control and learning benefits for procurement. Many companies combine both approaches.

Which errors are most frequently found in freight invoices?

Typical errors are incorrect weights or volumetric weights, outdated distance calculations, surcharges not contractually agreed, invoices raised twice for the same shipment and incorrectly applied fuel formulas. In most cases these are system and data transfer errors rather than deliberate overbilling. Nevertheless, every discrepancy should be documented and claimed.

What deadlines apply for freight invoice disputes?

Deadlines for raising disputes are governed by contract and typically range from 30 to 90 days after receipt of the invoice. Without a contractual provision, short statutory or standard terms may apply, which is why case-by-case review and clear contractual agreements are important. A structured escalation process prevents deadlines from lapsing unused.