Rechargly

GUIDE FOR FIRMS USING XERO AND FYI ELITE

Revenue leakage audit

Three outputs: the charges you have missed, the margin you intended versus the margin you kept, and a partner-ready report.

BUILT AROUND

xero fyi

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Can you show the amounts collected match what you intended to recover?

Your invoices go out every month and clients pay them. That doesn't prove you recovered what you meant to.

Most leakage sits where firms don't look: client codes, names, client groups, billing method and cadence, and what happens when a client leaves. Audit the process first. Then follow each cost from the vendor bill to the client invoice and the payment. A paid invoice isn't enough. It has to cover the same subscription, client, period and agreed price.

This guide is for partners and practice managers using Xero and FYI Elite. The walkthrough follows software recharged through repeating Xero invoices, with other costs added to client jobs in FYI. The same approach works for other disbursements, such as ASIC, Companies Office (NZ) and Companies House (UK) fees.

Part 1 audits the process. Part 2 tests it with real numbers. You can run both with your existing tools, and an example working paper in Google Sheets follows the steps. Rechargly can automate the recurring work, but the process stands either way.

WHAT YOU WILL HAVE BY THE END

- A risk map of where leakage could come from.
- Costs classified by intended treatment, with written charging rules.
- A reconciliation of expected charges, actual billing and collections.
- A monthly routine with one accountable owner.
- A one-page Monthly Xero Subscription Recovery Report for the partners.

WE CAN RUN THIS FOR YOU

The audit

Bring your vendor invoices and the billing you manage on behalf of clients. We run the audit on your real data and show you how much revenue is leaking.

Book a meeting

The audit: where could leakage come from?

Check how your process links a vendor charge to a client, a price and an invoice, and how the client then pays. A weak link is exposure, not proven loss. It tells you where to look in Part 2. Mark each question documented and evidenced, documented but not checked, or unresolved.



1. Does every charge have a client code and a job to land on?

The client code links a subscription to a client. For costs that go to FYI, each row also needs a job to land on. A blank code or a missing job lets an unbilled charge go unnoticed.

Check

- How many subscriptions have a blank client code on the vendor side.
- Whether a code is shared by several clients, or a client has several codes.
- Whether Xero and FYI identify the same client the same way.
- For costs going to FYI, whether every client has a job to receive them.

Control. one reliable identifier at the intended level. Keep a mapping where systems use different codes, and a job ready for every client whose costs go to FYI.

2. Do organisation names match your FYI clients and Xero contacts?

Vendor bill names often differ from your contacts: trading names, former names, other entities. Uncertain matches get left unbilled.

Check

- How many vendor organisations match an FYI client or Xero contact by name alone.
- How many need investigation.
- Whether confirmed matches are recorded, or sit in one person's head.

Control. keep confirmed aliases against stable identifiers. Don't merge distinct entities to make names agree.

3. How are client groups billed, and who pays?

If one invoice covers five entities, you can't see whether all five were charged.

Check

- Who the agreed payer is for each organisation in a group.
- Whether group invoices are itemised by organisation and subscription.
- Whether every subscription maps to a line on the invoice.

Control. define the payer and billing unit for every organisation. Group billing works if every subscription is mapped and itemised.

4. How do you bill: repeating invoice, WIP, direct debit or manual invoice?

How a client pays decides where money goes missing. Many firms use more than one method. With Xero and FYI, the route a cost takes matters too.

Billing method	Where to look
Repeating invoice	Price not updated after a rise; a client or line missing from the invoice
WIP billing	Costs wait in WIP until the job is invoiced
Direct debit	Failed or dishonoured payments nobody chases; clients never set up on the mandate
Manual invoice	The invoice isn't sent, or the client pays late or short

A repeating invoice bills from Xero and flows back to FYI. A cost on an FYI job waits in WIP until invoiced, so keep as little there as you can. Check the amount on each entry is the price you intended.

Client	Time Type	D...	Billable R...	Billable A...	Invoiced Amo...	Write On/...	Modifie...
Fairhaven Trust		26 Jun 2025	0.00	$0.00	$0.00	$0.00	15 Oct 2026
Fairhaven Trust	Chargeable	26 Jun 2025	63.64	$63.64	$0.00	$0.00	02 Sep 2026
Fairhaven Trust	Chargeable	26 Jun 2025	0.00	$0.00	$0.00	$0.00	01 Sep 2026
Ashcroft Pty Ltd		26 Apr 2025	0.00	$0.00	$0.00	$0.00	15 Oct 2026
Ashcroft Pty Ltd	Chargeable	26 Apr 2025	63.64	$63.64	$0.00	$0.00	02 Sep 2026
Ashcroft Pty Ltd	Chargeable	26 Apr 2025	0.00	$0.00	$0.00	$0.00	02 Sep 2026

How entries look in FYI. Client names changed.

Check

- Which method each client or group is on.
- Who follows up failed, late or short payments, and how they find out.
- Which costs go to FYI WIP, whether each belongs on a job, and how long it can sit unbilled before review.
- If you load costs with FYI's CSV Data Import, whether each import is checked against the vendor bill.

Control. record the method against each client, and name who owns collection follow-up.

5. When do you bill: monthly, quarterly or annually, in advance or arrears?

Cadence sets how long the firm funds a cost. The longer the gap between vendor charge and client payment, the more room for a plan change, price rise or departure to land in between. Misaligned periods can also look like leakage when they aren't.

Check

- The cadence for each client.
- Whether service periods, billing dates and pricing basis are recorded.
- For annual clients, whether the price is fixed or subject to a true-up.

Control. record service periods, billing dates, pricing basis and review frequency. With annual billing in advance at a fixed price, a vendor cost rise is a pricing outcome, not a missed charge. With an agreed true-up, check the extra was billed.

6. What happens when clients leave or change plans?

Firms keep paying a vendor for something a client no longer pays for. Set the policy in advance: how price rises, promotions and plan changes reach the client, refund rules, and who confirms the vendor subscription has ended.

Check

- Whether a written rule exists for departures, refunds, plan changes and final charges.
- Who confirms the vendor subscription was cancelled, and when.
- Whether a plan change or price rise reaches the client's invoice, and how fast.

Control. document departure, refund, plan-change and final-charge rules, consistent with the client agreement.

7. Are reconciliations being completed, and how often?

This control should catch the other six. If it isn't being completed, that is your first problem. How often it runs sets how long an error goes unseen.

Check

- Whether it is completed, not just scheduled, and when the last one was.
- How often: monthly, quarterly, six-monthly or annually.
- Whether the scope, exception list and reviewer were retained.

Control. retain the completed reconciliation, scope, exceptions and reviewer. A scheduled review isn't a completed one.

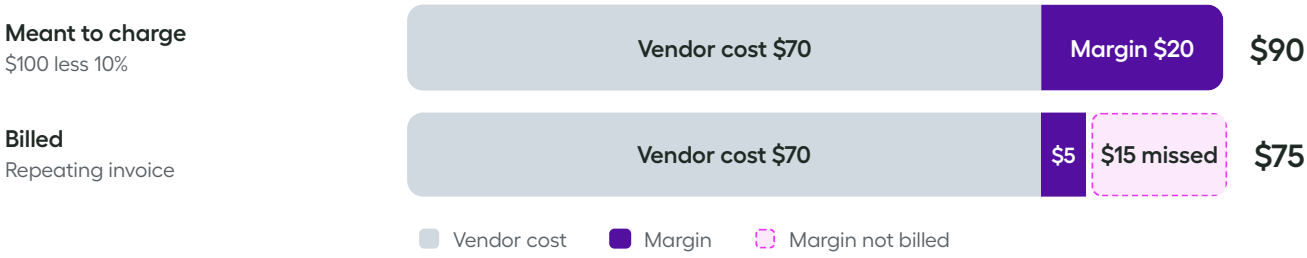
Record the result: your risk map

One row per question. The last column shows where Part 2 tests it. A filled-in example is on page 14.

Question	Status	Affected subscriptions or costs	Likely failure point	Owner	Next action	Tested in
1. Client codes						Step 2
2. Organisation names						Step 2
3. Client groups billed						Steps 1, 2
4. Billing method						Steps 3, 4
5. Billing cadence						Step 3
6. Departures, plan changes						Steps 3, 4
7. Reconciliations						Step 5

Cost recovered is not margin recovered

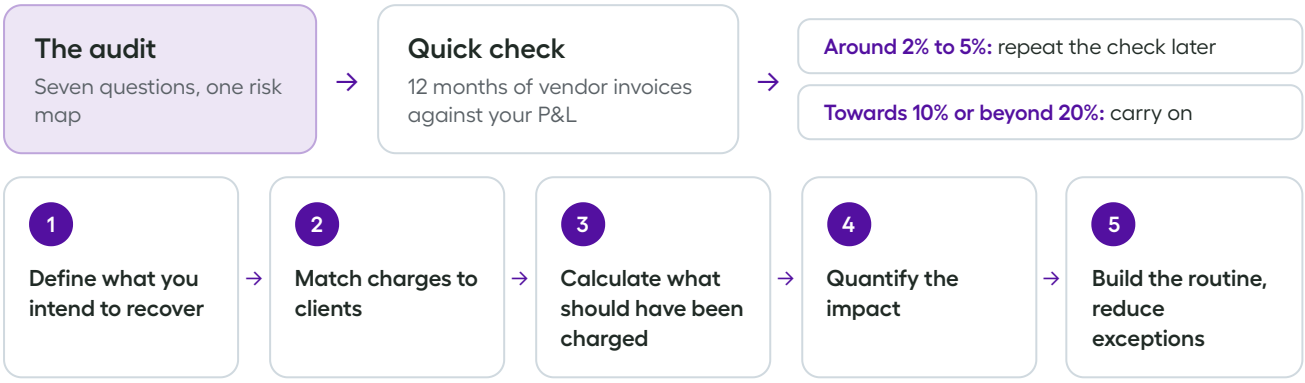
Vendors bill you at wholesale. You charge retail, or retail less an agreed discount. Comparing total spend with total revenue can't show whether you applied that rule. You can recover the vendor cost and still leave margin unbilled.



Retail $100, vendor cost $70, a 10% client discount: the expected charge is $90. The firm billed $75. It covered its cost, but margin was $5, not $20. Over 12 unchanged months, that is $180. Illustrative figures.

Test it with real numbers

Start with a quick check. It tells you whether the full five-step test is worth the time.



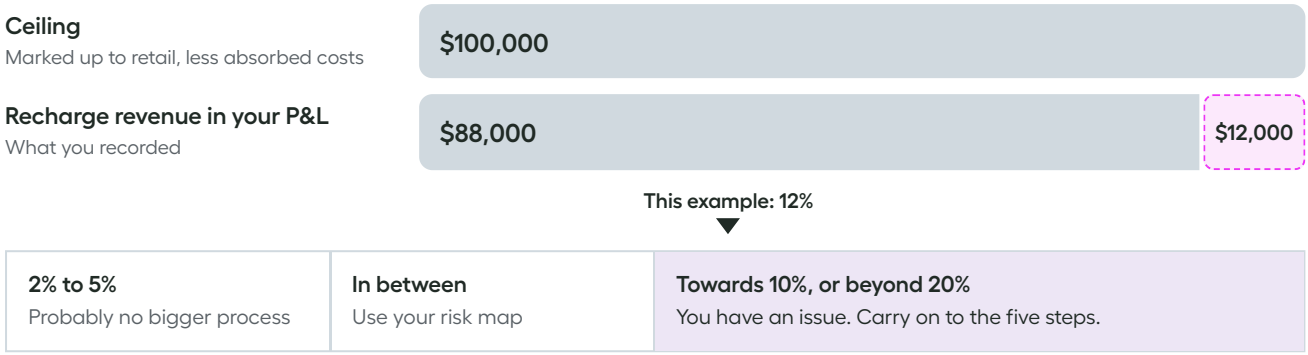
The quick check: how big is the gap?

Look at everything you recharge, not one vendor. It takes an afternoon.

1. Download 12 months of vendor invoices, starting with Xero, MYOB and QuickBooks.
2. Note your plans and wholesale discount for each subscription, so you know retail and cost.
3. Find the ledger accounts holding these costs and where recharge revenue is recorded.
4. Take out what you absorb or never charge, so deliberate decisions don't show as leakage.
5. Mark the remaining costs up to retail, with no client discount. That is your ceiling.
6. Compare the ceiling with recharge revenue in your P&L. The gap divided by the ceiling is your leakage rate.

If you deliberately pass a discount to clients, take it off the ceiling first.

Read the result



- **Around 2% to 5%.** Probably no issue worth a bigger process. Keep your risk map and repeat the check in a few months.
- **Towards 10%, or beyond 20%.** You have an issue. Carry on to the five steps.
- **In between.** Use your Part 1 risk map to decide.

Decide what "low" means for your firm first. Timing, price rises, promotions and pro rata periods move the number, so treat it as a prompt, not the amount lost.

The full test: five steps

Each step tests the Part 1 weak links with real numbers.

STEP 1

Define what you intend to recover

Start with the P&L. List the accounts holding client costs, including software, Dext, payroll and registry fees, and rank them by spend. Then classify each cost: internal practice expense, client expense you deliberately absorb, client disbursement recovered through WIP, or monthly client recharge.

An absorbed cost isn't leakage. A cost you meant to recover and didn't is. In FYI, decide how absorbed costs are recorded on the job, so profitability still shows them.

Write down the charging rule

For each vendor, record who pays, how the client price is calculated, what discounts apply and when to bill. Record exceptions against named clients. Cover promotions, mid-period changes and departures.

STEP 2

Match vendor charges to billing clients

Start with Xero, MYOB and QuickBooks, then extend to Dext and other vendors. Use completed periods. For each vendor charge, identify the subscription, service period and paying client. Then find the client invoice, in FYI or Xero, and any repeating invoice behind it.

PART 2

Read every vendor invoice with its CSV

Do this for each vendor, not just Xero. Each invoice comes with a CSV that ties charges to organisations. Reconcile it to the invoice total first, allocate any invoice-level adjustment consistently and check rounding. A CSV row isn't automatically the final wholesale cost.

Xero example: the CSV lists Organisation Name, Price Plan, Charge Type, billing dates, Total, Client Code and DiscountCategory. Client Code is blank on both rows, so nothing links a charge to a client. Both rows receive subscriber discounts, so check the discount on the invoice before you compare totals.

Organisation Name	Price Plan	Charge Type	Billing Start Date	Billing End Date	Details	Total	Client Code	DiscountCategory
Alpha Group Pty Ltd	Plan A	Full month charges	22 Sep 2026	21 Oct 2026		96.40		Charges receiving subscriber discounts
Alpha Trading Pty Ltd	Plan B	Full month charges	22 Sep 2026	21 Oct 2026		34.10		Charges receiving subscriber discounts

Resolve names before amounts

The vendor name may differ from the invoiced contact. Map the vendor subscription ID, organisation name and billing client, plus the FYI client where relevant. Keep unresolved matches visible until confirmed. Matching by amount alone is weak: several clients pay the same price.

WIP costs take a second route

Not every cost needs to go to FYI. Repeating invoices bill from Xero and flow back to FYI. Costs on a job do go there, and wait in WIP until the job is invoiced. For those, check they reached the right client and job, then whether they are unbilled or invoiced. Captured in WIP isn't recovered.

Disbursements need FYI Elite. If you load costs with FYI's CSV Data Import, test the import as well as the job. Every row needs a job number. FYI validates rows before importing and gives you an error report for invalid data, so check that report, not just the count imported. Keep Run Only Once Per Row ticked so a re-run doesn't create duplicates. FYI's import doesn't accept negative rows, so vendor credits need handling another way.

STEP 3

Calculate what should have been charged

Record the RRP, the wholesale cost and the discount you intend to pass on. For a discount from RRP:

- Expected client charge = RRP × (1 - client discount rate).
- Expected gross margin = expected client charge - wholesale cost.
- Actual gross margin = net client billing - wholesale cost.
- Billing variance = expected charge - net client billing.

A positive variance is a shortfall to investigate. Show overbilling separately, not netted against other clients. Take RRP from dated pricing records for the period and region, not from one wholesale amount.

Make the discount basis explicit. 10% off RRP isn't 10% off your vendor saving. On a $100 RRP with a $30 vendor discount, the first charges the client $90 and the second $97.

Reconcile billing, then collections

Compare the expected charge with the net amount invoiced after credits. Then check payments and the balance. A paid invoice doesn't prove every component was billed. An unpaid one is a collection issue, not automatically a loss. In FYI, also check each cost's status: draft, submitted or invoiced.

STEP 4

Quantify the impact

Sort the differences from Step 3 before adding them up. One number hides what to do about each.

What you found	What it means	What to do
Billed too little, or not at all	Revenue you meant to charge and didn't	Raise the invoice if the agreement allows, and fix the repeating invoice
Not yet due to be billed	Timing, not a loss	Note the date and check it gets billed
Billed but not paid	A collection problem, not a billing problem	Chase it
Billed correctly, then written off	Money lost	Record the reason
You chose not to charge	Not leakage	Keep the cost in profitability
You can't explain it	Unknown	Leave it open, with an owner and a date

Count each difference once. A shortfall later written off is the same money, not a second loss.

Measure the time

Record the hours spent collecting records, matching names, updating invoices and resolving exceptions. Eight hours a month at $60 an hour is $5,760 a year. Saved hours free capacity, not necessarily payroll.

Show the margin two ways

The margin you earned: recharge revenue less vendor costs, after credits and losses. Then the margin at full intended recovery. The difference is your leakage, in dollars.

STEP 5

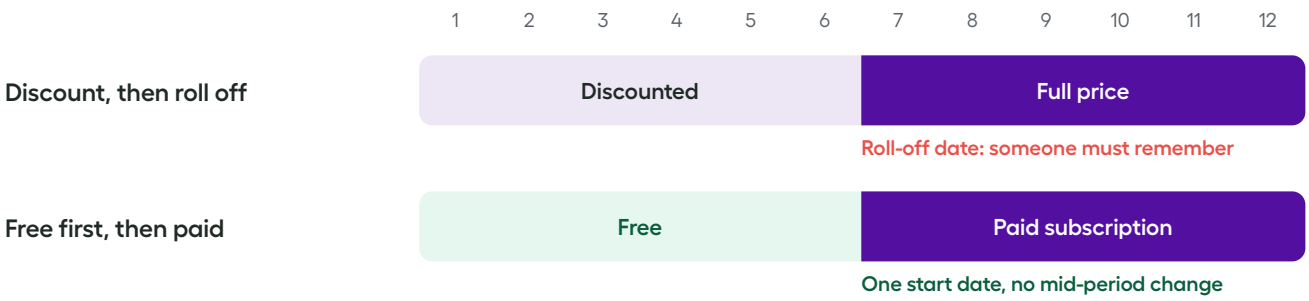
Build the routine and reduce the exceptions

Fix the findings, then set how changes reach client billing next month. Repeating invoices need an owner and a check against the charges they recover. Name one owner for the reconciliation and have someone else check it. Keep the evidence so a colleague can reproduce it.

Reduce the exceptions first

Every exception is a place a charge can go wrong, because someone has to remember it. The simplest control is fewer of them.

- Don't pass on a promotional discount unless you have a person and a process to roll it off on time. Otherwise you fund it.
- Or design the offer so there is nothing to roll off. Give the first six months free, then start the paid subscription. One start date, no mid-period price change. Check it against the client agreement.



- Apply discounts on the same rule to every client.
- Any exception you keep gets a named client, an end date and an owner.

Then build the routine around what is left

Control	Evidence to retain
Review vendor charges each billing cycle	A complete list reconciled to vendor bill totals and to what reached FYI
Maintain client mappings	Confirmed subscription-to-client links and an unresolved list
Apply charging rules	Current rules, effective dates and approved exceptions
Update client billing	Changes checked against issued and future repeating invoices
Review WIP and departures	Explanations for unbilled costs and final recovery decisions
Review collections	Outstanding invoices, failed payments and follow-up actions
Do the reconciliation	One named owner, the date completed and outstanding actions

Work to a fixed monthly schedule, and give exceptions deadlines. An unexplained difference carried forward is unfinished work.

Try it on an example working paper

A Google Sheet that follows the steps, filled with sample data so you can see how it calculates.

Make a copy, clear the sample rows and enter your own vendor charges. Type in the white columns. The grey columns calculate.

Tab	What it does	Where it fits
Quick check	Gap and leakage rate from 12 months of cost and revenue	Part 2, quick check
Risk map	The seven questions, with status, owner and next action	Part 1
Charging rules	RRP, wholesale cost, discount, payer and billing date for each vendor and plan	Step 1
Reconciliation	One row per vendor charge: match, treatment, expected, billed and collected	Steps 2 to 4
Summary	Expected against billed, shortfall, collections, margin, time cost and the closing statement	Steps 3 and 4

Step 5 isn't a tab. Name one owner and a second checker, set a monthly date and keep the file as your evidence.

What the sample shows

Fifteen charge rows for a fictional firm, Fern and Co, for one month. They include a plan change never updated on the repeating invoice, a vendor name with no confirmed contact, a part-paid direct debit and WIP costs not yet billed. They also include an absorbed cost, an internal expense and a departed client whose subscription is still running.

> The sample is smaller than the example report that follows, so the totals differ.

EXAMPLE WORKING PAPER

Make your own copy

Opens in Google Sheets. Nothing is saved to your account until you make the copy.

Open the working paper

A risk map and a one-page report

Every firm has different vendors and different problems, so there is no template here. This shows what a finished audit produces. All names and figures are fictional.

Example risk map

Question	Status	Affected	Likely failure point	Owner	Next action
1. Client codes	Unresolved	31 of 68 rows	Client Code blank on the vendor side	Practice manager	Build a code mapping
2. Organisation names	Unresolved	6 vendor organisations	Vendor name differs from the FYI client	Practice manager	Confirm matches with clients
3. Client groups billed	Documented, not checked	4 groups	Itemisation not checked on group invoices	Partner	Check each group invoice
4. Billing method	Documented and evidenced	68 rows	Failed direct debits have no named owner	Accounts team	Name a follow-up owner
5. Billing cadence	Documented and evidenced	68 monthly, 2 annual	None found	Practice manager	Review annually
6. Departures, plan changes	Unresolved	50 files, $450 a month	Subscriptions still running after the client left	Practice manager	Cancel, and write a departure rule
7. Reconciliations	Unresolved	Whole portfolio	Scheduled quarterly, none completed in two quarters	Partner	Complete one and set a frequency

The map ties each question to evidence, an owner and a next action. A partner can read it in a minute and see what is unresolved.

How to read it

Base billing completion on expected revenue under approved rules, and report coverage with it. Show margin in dollars. If you show percentages, label the denominator. Close with a statement the reconciliation supports:

> All source charge rows for the period are classified. The attached reconciliation records expected billing, actual billing and collections. Open differences have owners and deadlines. Outstanding items aren't treated as recovered.

Example one-page report

KV **Kestrel & Vale**
Chartered Accountants

Fictional example

Monthly Xero Subscription Recovery Report

Scope: Xero subscriptions only. Billing: monthly, in arrears. Status: complete, 9 differences open.

EXPECTED BILLING	ACTUAL BILLING	SHORTFALL	BILLING COMPLETION
$19,800	$18,450	$1,350	93%
68 recharge rows	after credits	9 rows, 6.8%	68 of 68 rows covered

COLLECTED	OUTSTANDING	MARGIN, INTENDED	MARGIN
$17,250	$1,200	$4,400	$3,050
of $18,450 billed	4 invoices	on $15,400 cost	invoiced

APPROVED EXCEPTION	ROWS	COST A MONTH	TREATMENT	STATUS
Personal file (owned by director)	4	$620	Excluded from recovery	Approved
Internal practice subscription	6	$1,090	Excluded from recovery	Approved
Absorbed by agreement (fixed-fee client)	4	$540	Kept in client profitability	Approved
Annual billing in advance	2	$250	Tracked on the annual schedule	Approved

Recommendations

ADJUSTMENT	IMPACT	AMOUNT A MONTH
1. Cancel files for departed clients	Vendor cost saved on 50 files	$450
2. Roll promotional pricing to full price	Billing recovered on 4 clients	$620
3. Fix repeating invoices	Billing recovered on 3 old prices and 2 missing charges	$730
Total	**Margin up from $3,050 to $4,850**	**$1,800**

Report section	Result
Completeness	84 charge rows, $17,900 vendor cost, plus $450 for departed files. Agrees to the $18,350 invoice total
Billing accuracy	68 monthly rows ($15,400 cost) and 16 approved exceptions ($2,500 cost). Expected $19,800, billed $18,450. Shortfall $1,350 across 9 rows
Departed clients	50 files still running, $450 a month vendor cost, nothing billed. Outside the 84 rows and the margin above
Collections	$17,250 collected, $1,200 outstanding. Kept separate from billing accuracy

Choose how to maintain the process

Three routes, depending on where your process falls short.

Your own process

Keep running it with your existing tools. Full control, at the cost of recurring preparation, mappings and review. Count those hours.

Cost capture into FYI Elite

If manual cost capture is the issue and you need job profitability, Practice Connect posts each cost to the job in FYI as a disbursement. It needs FYI Elite, with FYI as your practice management source.

Automation

If recurring preparation and billing maintenance take too long, automate them and keep the charging rules and exception review.

Rechargly automates recharge billing for accounting and bookkeeping firms, alongside your existing tools. See how it fits your stack: How to use Rechargly with FYI practice management and How to use Rechargly with GoCardless in Xero.

SEE HOW RECHARGLY FITS YOUR PROCESS

Bring your current process

Book a meeting with your vendor list, billing approach and exceptions. We will show how Rechargly fits, what changes and what setup is needed. We can also run this audit with you as part of onboarding.

Book a meeting