

A guide to 30-day payments

For all personnel involved with the processes of raising, receipt, authorisation and payment of invoices

PRINCIPLES	Responsibility
<p>Obtain formal commitment for work</p> <p>Ensure that a formal commitment (e.g. purchase order) is in place prior to work commencing and before an invoice is raised. The supplier should insist upon a formal commitment being provided and should submit an invoice as soon as the work is completed.</p>	Purchaser Supplier
<p>Log 30 day period start date</p> <p>This begins with a logged receipt of a valid invoice at an address specified by the purchaser and ends with payment from supplier and receipt to purchaser.</p>	Purchaser
<p>Pay undisputed amounts within 30 days</p> <p>Undisputed amounts should be paid in 30 days. Any disputed amount should be paid as promptly as possible and on resolution a credit note issued where appropriate.</p>	Purchaser Supplier
<p>Charge interest on unpaid invoices</p> <p>Meet current legislation and establish a contractual requirement where interest is charged on valid invoices which are not paid in 30 days.</p>	Purchaser Supplier
<p>Treat ALL suppliers fairly</p> <p>Treat ALL suppliers with the same prompt payment terms, whether the transaction is for £1000 or £1,000,000.</p>	Purchaser
<p>Make your team accountable</p> <p>Establish targets and accountabilities for ensuring 30 day payment and monitor performance thereafter.</p>	Purchaser
PRACTICES	Responsibility
<p>Agree appropriate payment process</p> <p>Agree the appropriate payment process for each type of invoice, ensure a common understanding of the procedure (including required documentation) and introduce an invoice "checklist" to ensure that the invoice is valid.</p>	Purchaser Supplier
<p>Remove barriers to timely payment</p> <p>Prior to raising an invoice, remove any barriers which may slow down approval and payment process.</p>	Supplier
<p>Establish dispute resolution process</p> <p>Establish and document a shared dispute resolution process which addresses timely notification (10 days from receipt), contact points, accountabilities and a mechanism for partial payment.</p>	Purchaser
<p>Review procurement to payment process</p> <p>Commit to undertake a critical review of the entire procurement to payment process. Identify problem areas and develop solutions to eliminate or mitigate.</p>	Purchaser (3rd party payment organisation if appropriate)
<p>Improve methods for circulating invoices internally</p> <p>Use labour saving techniques and methods to rapidly move invoices around your organisation such as "Red Bags" or optical scanning.</p>	Purchaser
<p>Hold accurate supplier bank details</p> <p>Keep good records of supplier details including updated bank details.</p>	Purchaser Supplier