

P McVey Building Systems

**April 2022 - standard payment terms for all supply chain contracts**

- Our standard payment terms are 30 days EOM from receipt of a correctly formatted invoice. In some cases we agree different payment terms with suppliers. For example, we may agree shorter terms with very small suppliers or mutually agreed longer terms with long-term major suppliers.
- The agreed payment terms should be included in all supplier invoices
- Purchase orders (POs) should be raised for the majority of purchases
- Supplier invoices should be sent to [accounts@pmcveybuildingsystems.com](mailto:accounts@pmcveybuildingsystems.com)
- Invoice(s) from suppliers must quote the PO number (if applicable)
- All details on the supplier invoice should agree to the original POs
- Invoice will be processed as follows:
  - o Pdf copy attached to the accounting system
  - o Amount and description entered
  - o Details checked against the original PO
  - o Invoice sent to authoriser to be authorised
  - o All bank payments to suppliers are double authorised by officers of the company
  - o Once authorised, invoice is posted to the system

**Payment of invoices**

- As is normal for a company of our size, payment runs are conducted once a month
- All invoices becoming due will be picked up and processed in the monthly payment run
- In general, payments are made via bank transfers which can take three working days to reach the supplier
- (Any urgent payments can be made on a same day transfer on a weekly basis)
- A proportion of suppliers are paid via direct debit. These are marked on the system so that they will not be paid via the payment runs

**Late and missed payments**

- When a supplier makes the finance team aware of an unpaid invoice, a copy of the invoice

will be requested

- The invoice will be fast-tracked through the system and authorisation sought
- Once authorised, the invoice(s) will be picked up on the next available payment run
- If urgent, payment will be set up immediately on a same day transfer

#### **Payment disputes**

- If the authoriser disputes an invoice, they can reject the invoice on the system
- When finance notices a rejected invoice, the authoriser will be contacted to enquire why
- Finance will work with the authoriser to contact the supplier to inform them of the rejected invoice together with the reason
- The following procedure follow:
  - o Where appropriate, the original PO will be referred to in order to ensure all the details are correct
  - o In the first instance, any dispute should be settled between the representative who placed the order, and an authorised person for the supplier
  - o If the dispute is not resolved, the supplier should email the purchase ledger team with a copy of the invoice, a summary of the issue(s) and correspondence to date in respect of the dispute. The purchase ledger team will escalate the information within the business to facilitate resolution where possible

#### **April 2022 - standard payment terms for all public sector contracts**

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- The agreed payment terms should be included in all supplier invoices
- Purchase orders (POs) should be raised for the majority of purchases
- Supplier invoices should be sent to [accounts@pmcveybuildingsystems.com](mailto:accounts@pmcveybuildingsystems.com)
- Invoice(s) from suppliers must quote the PO number (if applicable)
- All details on the supplier invoice should agree to the original POs
- Invoice will be processed as follows:
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  - o Amount and description entered
  - o Details checked against the original PO

- o Invoice sent to authoriser to be authorised
- o All bank payments to suppliers are double authorised by officers of the company
- o Once authorised, invoice is posted to the system

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- (Any urgent payments can be made on a same day transfer)
- If the supplier accepts credit card payments, this may be used instead
- A proportion of suppliers are paid via direct debit. These are marked on the system so that they will not be paid via the payment runs
- We expect our payment terms to be replicated and passed down through our supply chain.

### **P McVey Building Systems action plan for improvement of supply chain payments**

#### **April 2022**

#### **Identification of the primary causes of failure to pay all supply chain invoices within 60 days**

- Our standard payment terms are 30 days from receipt of a correctly formatted invoice but in some cases we agree different longer payment dates with major suppliers with whom we have long standing relationships. These typically include those with annual ongoing agreements.
- Invoices are being sent to the wrong people or wrong email addresses
- Invoices that are incorrectly formatted or have missing information so they cannot be immediately processed

#### **Action to address each of these causes:**

- Agreement with suppliers to extend their payment terms will no longer be made. Instead the aim will be to pay them within their agreed payment terms
  - The finance team will contact all suppliers who send invoices to the wrong people or email addresses and ensure they use the correct contact details
  - Automated supplier reconciliations being built for suppliers with a large volume of invoices
- A mechanism for and commitment to regular reporting:
- We have a reporting team who are committed to all forms of internal and external reporting when required.

This plan has been agreed by Pat McVey, Managing Director.