



Cyngor Bwrdeistref Sirol  
**MERTHYR TUDFUL**  
**MERTHYR TYDFIL**  
County Borough Council

# Prompt Payment Policy 2016

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## Introduction

The objective of this policy is to ensure that the commitment of expenditure with suppliers, contractors and 3<sup>rd</sup> parties is controlled in accordance with policies defined in the Councils constitution.

The prompt payment policy is a key financial control measure to ensure that payments are only made to Suppliers and Contractors where the supplied invoice (paper or electronic) contains a valid official purchase order (PO) number (unless a pre-agreed exception applies – see exception list below)

The prompt payment policy ensures that the Council only pays for goods, services and works which have been properly ordered and authorised in accordance with the Councils Procurement Rules and Financial Regulations BEFORE receiving an invoice. It also ensures invoices received by the Accounts Payable team can be processed efficiently to minimise delay to suppliers and contractors. Invoices received by the Accounts Payable Team without a valid PO number will severely delay payment to the supplier and may ultimately be returned to the supplier. This is one of a number of implementations following a 6 month review of how the Council purchases goods and services. It will ensure that all procurement is compliant with Council internal activities

The prompt payment policy applies from 1<sup>st</sup> October 2016 and applies to all orders for goods and services placed by the Council, apart from those listed under the exceptions.

## How does it work?

The policy works by requiring all invoices submitted by suppliers and contractors to contain an official PO number. In all but exceptional circumstances the PO number will be:

- Generated from the Council's purchase to pay system with a prefix of MTCPO (this is deemed to be a valid order number)
- Given or sent to the supplier/contractor BEFORE making any commitment to spend Council money.

In exceptional circumstances an Emergency order may be supplied without a PO number, however this should be followed up with a valid PO number within two working days by the Council staff member that placed the initial order.

There are exceptions to this general rule and these are listed in the following *exceptions* section

Suppliers must not, under any circumstances, accept any verbal or written orders from a Council officer unless a valid PO number is given or an exception as set out in the *exceptions* section applies.

After implementation of the prompt payment policy, invoices received without a valid PO number may not be paid and may be returned to the supplier, unless they are covered by an exception (see *exceptions section*). At best this may lead to a delay in the payment process.

## Exceptions to Prompt Payment Policy

The following requirements do not at the time of publication of this policy, require a valid PO number. This list is under constant review and any further changes will be communicated to our suppliers by email or through Merthyr Tydfil County Borough Council's procurement website at

<http://www.merthyr.gov.uk/business/tenders-and-procurement/>

The Exceptions List currently covers:

- General schools expenditure.
- Any requirement where the employees normal place of work does not have access to ICT – school catering as an example.
- Works orders related to the Council Estate where orders are subject to control via the asset management system.
- Works orders where these are subject to certification by a contract administrator.
- Cyclical payments which are subject to periodical invoicing following services rendered.
- Waste disposal
- Payments to individuals including foster care and direct payments
- Social Care placements.
- Grant Payments
- Emergency orders – which will be subject to manual order held by a director or procurement manager.
- Utility bills
- Home to school transport.
- Orders placed on the internet that are paid via purchase card.

## Frequently asked questions

*Q: I have supplied goods or services to Merthyr Tydfil County Borough Council where do I submit my invoice?*

All manual invoices must be returned to central payments, Unit 5, Triangle Business Park, Pentrebach, Merthyr Tydfil, CF48 4TQ or emailed to [payment@merthyr.gov.uk](mailto:payment@merthyr.gov.uk)

*Q: In the past invoices without a PO number have been paid by Merthyr Tydfil County Borough Council, will this still happen?*

No. Once implemented, the policy will see invoices without a valid PO number as not being recognised and they will be returned to the supplier, unless they are covered by an exception.

*Q: An invoice has been returned requesting a valid PO number to be provided. How can this be obtained?*

You should contact the Merthyr Tydfil County Borough Council member of staff who gave the original instruction to supply the goods, services or works and ask them to provide a PO number. Once obtained, please re-submit your invoice ensuring that the PO number is quoted.

*Q: What should I do now?*

Please ensure that all your staff who receive orders to supply goods & services to Merthyr Tydfil County Borough Council are aware of the policy and insist on being supplied with an official PO number.

*Q: Will I be kept informed of future changes to the policy?*

Yes - further information will be available via our website regarding the prompt payment policy.

*Q: What should I do if I am not a supplier and I have received notification of the policy but I do not supply Merthyr Tydfil County Borough Council?*

Some individuals who have received payments/grants from the Council in the past have been recognised in our financial system as suppliers. If you have received notification of the prompt payment policy and do not provide Merthyr Tydfil County Borough Council with goods and services please disregard this Notification and we apologise for any inconvenience.

*Q: Where do I get further information on selling goods or services to Merthyr Tydfil County Borough Council?*

Please visit our website at <http://www.merthyr.gov.uk/business/tenders-and-procurement/> or if you have any specific questions then please email them to [procurement@Merthyr.gov.uk](mailto:procurement@Merthyr.gov.uk).

*Q: How are the changes to purchasing being communicated with Council staff?*

A purchasing policy governing transactional purchasing is being communicated to all staff within the council. This policy is the council's rules to ensure that the prompt payment policy works for both supplier and council.

*Q: Will I get paid any quicker if I quote a PO number?*

Unless agreed in advance, and in line with Welsh Government guidelines, Merthyr Tydfil County Borough Council's standard payment terms of 30 days from receipt of a valid invoice (not the invoice date) for all suppliers will remain. Suppliers that transact with us via P2P have the opportunity to use the system to generate e-invoices. This system can in most circumstances improve the time taken to pay our suppliers.

*Q: What information should I provide on my invoice?*

A compliant invoice should include the following information

- ✓ Your full company name and address
- ✓ An invoice date
- ✓ A unique invoice number which we will record on our system and quote on your remittance advice
- ✓ A clear description of the goods and/or services provided
- ✓ Accurate quantities, prices and amount due
- ✓ VAT registration number (where applicable)
- ✓ The date of supply (also known as tax point) if this is different from the invoice date
- ✓ A breakdown of the goods and/or service clearly showing the net price, the VAT rate and VAT amount and the total amount for each line on the invoice
- ✓ A valid Purchase Order Number for the goods and/or services you are invoicing for on the invoice. Purchase orders are produced by our P2P (purchase to pay) system and are prefixed with MTCPO

Thank you for your co-operation

