

Payment of Creditor Policy

Statement and Purpose

1. One of our values as an organisation is that we care for each other and the people that we work with. This is why we want to maintain a safe and secure work environment for all of us as staff and those affected by our work.

2. The objective of the Payment of Creditor Policy is:

To ensure that payments from Natural Resources Wales are paid on a timely basis using efficient, effective, and fair payment procedures and processes.

3. The aims of the policy are to:

- ❖ Ensure prompt payment of invoices in line with Welsh Government recommendations and the Government Prompt Payment Policy.
- ❖ This policy supports the Procurement rules, which ensures supplier payments are matched to a valid purchase order.
- ❖ Natural Resources Wales follow the Late Payment of Commercial Debts (interest) Act 1998 and any subsequent versions.
- ❖ Take a positive approach to pay any Small and Medium Enterprises (SME's) in line with the Prompt Payment Policy.
- ❖ Encourage early contact with the requisitioner and/or the supplier to resolve any queries relating to disputed invoices to avoid late payments.

This policy encompasses all Natural Resources Wales suppliers.

4. Internal Controls

We have internal controls documented in process notes that cover the following activities:

- ❖ Purchase order invoice processing
- ❖ Non purchase order invoice processing
- ❖ VAT only invoice processing
- ❖ Pro-Forma invoices
- ❖ Construction Industries Scheme (CIS) invoice processing

- ❖ Invoice Query Process
- ❖ Reconciliation
 - Self-billing
 - Expenses
 - Land Agent Agreements
 - Uncleared Cheques
- ❖ Payment run processes
 - Government Banking (GBS)
 - CIS Payments
 - Cheques
 - Manual Cheques
 - International Payments
 - CHAPS
 - BACS
 - Direct Debits

Compliance

5. Welsh Government is committed to ensuring that any payment period does not exceed 30 calendar days after receipt of undisputed invoices. NRW follows the commitment to pay all its suppliers as quickly as possible, in line with the Prompt Payment Code. Our management targets reflect the Prompt Payment code where 95% to 100% is 'green', 90% to 95% is 'amber' and below 90% is 'red'. This policy ensures that payment methods are fair to all creditors.
6. UK Government guidance also states an aim to pay 90% of Small to Medium sized Enterprise's (SME's) within 5 working days on receipt of a valid undisputed invoice. Current system constraints will not allow a flag to track SME's .
7. NRW is assessing moving towards a target of paying all correctly rendered invoices within 10 working days of receipt as stated in Managing Welsh Public Money, but we will need to consider the resource implications.
8. NRW undertakes two supplier payment runs per week, and an expense payment run once a week.

9. For certain types of construction work, NRW is obliged under HMRC's Construction Industry Scheme Regulations to deduct tax at source from sub-contractor payments at the appropriate rate, from the invoiced amount. Those CIS sub-contractors paid under deduction must have the labour/material split shown on the invoice. Sub-contractors must be verified via HMRC and registered on the Financial Management system.
10. For payments in advance, NRW follow the government guidance in Managing Welsh Public Money. Payments in advance are acceptable for the following activities.
 - Service and maintenance contracts that require payment when the contract commences, provided that the service is available and can be called on from the payment date.
 - Grants to small voluntary or community bodies where the recipient needs working capital to carry out the grant's commitment, and private sector finance would reduce value for money.
 - Minor services such as training courses, conference bookings, or magazine subscriptions, where local discretion is acceptable.
 - Prepayments of goods, works and services, where a value for money assessment demonstrates a clear advantage in early payment.

Any payment in advance would need a quote from the supplier, requisition and requires full approval prior to making any purchase. For more details on advanced payments see [Managing our Money](#)

11. All invoices should be emailed to our central Head Office in PDF format to Payment.wales@naturalresourceswales.gov.uk and quote a valid purchase order number. Invoices that do not have a valid purchase order will be returned to the supplier.
12. Invoices are updated onto MyNRW by TFS staff. All invoices matched to a purchase order and processed for payment are approved by the requisitioner which they receive via workflow. Requisitioners must ensure that the goods and services have been received as stated in the invoice prior to approval. Invoices that exceed the order value will escalate to the budget manager for approval.
13. Requisitioners are responsible for contacting the supplier and resolving any issues if they are not satisfied with the goods/services provided.
14. NRW is required under VAT regulations to obtain the suppliers VAT registration number and invoices are to be addressed to Natural Resources
15. Fruitless payments are reported to Managing our Money (MoM) and is a payment which we should not have incurred, or where the order for the goods and services in question could have been cancelled in time to avoid liability.
16. We incorporate segregation of duties within our Payment of Creditor processes, which include:
 - ❖ Processing Invoices - Supplier Invoices/credits (Purchase Order (PO) Invoices) are checked, indexed, then matched and registered by Transactional Finance

Services (TFS) team members to valid POs. They will then workflow to the requisitioner or budget manager for approval, depending on value as per MoM.

- ❖ Non-PO Invoices - Supporting documentation and details checked and registered by TFS team. Work-flowed to relevant budget manager for approval (as per MOM).
- ❖ Foreign Payments - On receipt of the invoice it's checked by TFS team against the purchase order and the requisitioner is emailed to confirm goods/services have been received and price charged is correct. (Foreign Currency only – GBP matched as normal) Payment request form for international payment is completed by Finance Payment Services Supervisor and signed off by TFS Team Leader. These are then sent to Business Finance for payment to be made via Bankline (one person inputs and another approves). Approval is also required by bank mandate signatory. Upon receipt of the payment confirmation, the Accounts Payable (AP) ledger is updated with the sterling equivalent by the Finance Payment Services Supervisor.
- ❖ CHAPS Payments - Invoice checked and registered by TFS team, work-flowed to requisitioner for approval. Chaps request forms are completed by Finance Payment Services Supervisor and authorised by TFS Team Leader. Authorisation is also required by Leadership team and sent to Business Finance to make the transfer via Bankline, (input and approved by two separate team members). Once payment has been made, confirmation is sent to Finance Payment Services Supervisor and payment updated on the MyNRW financial system.
- ❖ GBS Payment Run - Invoices are checked and registered by TFS team and approved by requisitioners (see PO Invoices). Finance Payment Services Supervisor produces payments reports and completes GBS Payment request form which are checked and approved by TFS Team Leader and TFS and MyNRW Team Leader or approver as per MoM.
- ❖ GBS Payment request form and payment reports sent to Business Finance (Financial Accounting Analyst) for internal transfer to be made via Bankline (Input and approved by two separate team members). Payment confirmation sent to Finance Payment Services Supervisor for payments to be updated on MyNRW.
- ❖ Land Agent Payments - Periodic Supplier Payment form completed by Land Agent team upon completion of a management agreement, TFS team member checks details and enters onto MyNRW. Checked and approved by Finance Payment Services Supervisor or TFS Team Leader.
- ❖ Self-Billing - Report sent by Harvesting Team to Finance Payment Services Supervisor for checking, reconciled against original file on DMS. Approval given by Finance Payment Services Supervisor to Systems Admin to load file into MyNRW. Systems Admin check file against report and confirm file loaded. Finance Payment Services Supervisor checks balance on MyNRW against report. Reports saved on DMS for audit purposes.
- ❖ Payment Runs - Finance Payment Services Supervisor produces payments reports, and emails copies of any Invoices greater than £50K to Finance Payment Services

Supervisor and TFS and MyNRW Team Leader up to the value of £1m (as per MoM). Any payments run over £1m requires authorisation by Leadership. Report scanned for any anomalies and over £50k invoice transactions VAT checked. Balance checked on reports against value on SU11A. Upon receipt of emailed approval, file is sent to our BACS provider for transfer. When confirmation is received from that the payments have been made, the Finance Payment Services Supervisor then updates MyNRW. A copy of the BACS confirmation is then sent to the TFS Team leader and TFS and MyNRW/Leadership member to check final paid balance. All reports saved on DMS for audit purposes.

- ❖ Direct Debit Mandates - Set up by Business Finance (Financial Accounting Analyst) and approved by Bank Signatory. Monthly payments updated by Finance Payment Services Supervisor for Business Finance use only.

Scope

17. This policy affects the Transactional Finance and Finance, Procurement, Procurement support services and anyone who raises requisitions throughout NRW.

Key Principles

18. Various legislation concerning how we manage Creditor payments are Managing our Money, Managing Welsh Public Money, Treasury rules, HMRC taxation law and rules, Better Payment Practice Code, late payment of commercial debts (interest) Act 1998.

Roles and Responsibilities

19. The scope covers who this policy impacts and the Compliance section outlines the roles in more detail.

The transactional finance team leader is responsible for the policy. The policy will be checked every 2 years.

Requisitioners who verify and approve goods and services must ensure goods/services have been received before approving invoices and contact the supplier promptly if they are not satisfied or if there are any price discrepancies on the invoice.

Other relevant information

20. Relevant to this policy is:

- ❖ Managing our Money [Here](#)
- ❖ Procurement [Here](#)

Other sources of information

21. Relevant to this policy is:

- ❖ Managing Welsh Public Money [Here](#)
- ❖ Treasury Rules [Here](#)
- ❖ Government Prompt Payment Policy [Here](#)
- ❖ Construction Industry Scheme [Here](#)

Equality and Diversity

22. We are committed to a culture of equality, diversity and inclusion. We aim to ensure that no-one receives less favourable treatment on the grounds of their age, disability, gender reassignment, being married or in a civil partnership, pregnancy, race, sex, sexual orientation or religion, belief or non-belief.

An Equality Impact Assessment has not been produced for this Policy.

Contact

23. This policy and related procedure are owned by - Transactional Finance Services Team Leader.

Developed and agreed in partnership with - Leadership Team Head of Finance.

Approval

This policy will apply as a functional policy and is considered as compliance.

(For more details on these definitions, categories of policies and implications of non-compliance, please see the [Delegated Authority Schedule](#)).

Produced by Sharon Flynn, Transactional Finance and MyNRW Services Team Leader

Approved by Rob Bell, Head of Finance

Version 2

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For first review in 12 months' time and then every two years. Amendments will be made sooner where a relevant change in legislation or business requirement occurs and following discussions with the representing Trade Unions.