

Four Communications Group

April 2021 - standard payment terms for all supply chain contracts

- Our standard payment terms are 30 days 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 purchasledger@fourcommunications.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:
 - Pdf copy attached to the accounting system
 - Amount and description entered
 - Details checked against the original PO
 - Invoice sent to authoriser to be authorised
 - All bank payments to suppliers are double authorised by officers of the company
 - 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 week
- All invoices becoming due will be picked up and processed in the weekly payment run
- In general, payments are made via bank transfers which takes three working days to reach the supplier
- (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

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:
 - Where appropriate, the original PO will be referred to in order to ensure all the details are correct
 - In the first instance, any dispute should be settled between the representative who placed the order, and an authorised person for the supplier
 - 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 2021 - standard payment terms for all public sector contracts

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Four Communications Group action plan for improvement of supply chain payments

April 2021

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
- Outreach programme to suppliers with inductions and how-to-guides to ensure invoices are correctly formatted and submitted
- Automated supplier reconciliations being built for suppliers with a large volume of invoices

A mechanism for and commitment to regular reporting to the supplier's audit committee (or equivalent):

- We have an enhanced reporting team who are committed to all forms of internal and external reporting when required and we are currently performing a sustainability report on the subject of payment performance

This plan has been agreed by Nan Williams, group chief executive. The plan is available to view on our website in the supply chain section.