

Company name / Logo

Supplier payments Policy

Last updated [date]

Introduction

This policy is to outline how payments are made to suppliers. This is to ensure best practices and a consistent approach.

Stakeholders:

Teams involved in procurement & invoicing are:

- Finance
- Leadership team
- Budget owners / Managers

Budget / Forecast guidelines:

The budget should be used by the finance team and each department as a guideline as to what can / cannot be spent within the financial year.

These costs essentially, are “pre-approved” by the leadership team – however there should be some caution as any changes in revenue vs. budget should therefore change the level of costs that the company is willing to take.

Procurement:

Aside from Inventory (see Inventory Purchasing Policy) [if relevant], all purchases are made without (can be with) a Purchase order and should be discussed with the budget owner before engaging with the purchase. Only a budget holder can approve a purchase, as they are aware of costs already made and what level of spending can be made.

If a new supplier / cost is required, at least 2, if not 3 suppliers should be engaged to provide an estimation before a decision is made. Ideally, there should be a quick review if any existing supplier is suitable to achieve economy of scale.

Invoices:

All invoices received should be handed / emailed directly to the finance team. The email address is [accounts payable email address].

The finance team will enter these costs into [accounting software] and then seek for approval. The Delegation of Authority will be used to find the right person to authorise the payment.

The invoice approver should review the account & cost centre [if relevant] that the invoice has been allocated to. As well as the amount and description of the invoice. Confirming that the goods / services were received / provided to a satisfactory level and therefore the supplier can be compensated for this.

No invoice will be paid until the invoice has been approved.

New suppliers (Supplier Onboarding):

If the invoice is from a new supplier, the following process must be completed before the invoice can be paid:

The following details need to be collected and provided to Finance:

- full company name – not just a trading name.
- company registration number if they are a registered company (this should be consistent with above) or the type of business (eg: partnership / Limited company / etc)
- VAT/GST/Sales tax number if registered.
- full postal address.
- telephone and email details.
- details of the type of purchase /supplier selection and quotation process.

The finance team will make the following checks before the supplier can be engaged:

- check Companies House / ASIC / Company register to see if there are trading records of this company.
- If the supplier has a website, use <http://www.whois.sc> to verify who has registered the supplier's web domain name. If the contact information provided publicly in the whois differs from the contact information offered by the supplier, ask for an explanation and evaluate their response.
- Verify that the email address the company's representative is writing from is in fact owned by the company. It is not uncommon for scammers to impersonate a legitimate company by using a free email address. Contact the company from their official website and ask them to confirm that the email you are corresponding with belongs to them.
- If concerned with the above responses or any inconsistencies, ask the new supplier for a bank reference then check out the bank. Locate and call the bank and ask if the company does business at that bank.
- Check the payment terms. Be wary of anyone who wants you to escrow money with their lawyer or with a little-known escrow company; many of these companies and people are frauds. Until you have established a firm relationship, use reliable methods such as credit card payment, letter of credit or escrow with a mutually agreeable escrow agent.
- Credit check with (credit check company)
- Any other due diligence checks that are required by the company. (the above is a starting point only and shouldn't be relied upon. For example a Fintech will need to check KYC and MLRO, etc.)

Once all the new details are entered [accounting software] by accounts payable, it must be reviewed and checked by a senior member of the finance team to ensure accuracy.

Change of bank account details:

If there is a request for change of bank details for a supplier payment, the following policy must be followed:

- Call the contact listed in the [accounting software] contact details (**NOT** from the communication received) and ask the supplier if change of bank details were issued.

- Email the supplier the “change banking details form” for them to complete and email back. (This form should be changed and issued every single year – be very wary of any change bank detail requests are made on an old template)
- Confirm that the bank account number and bank account name match bank records.
- Send a notification to the vendor after the change – both letter and email.
- The new bank account details entered [accounting software] must be reviewed and approved by Finance Controller / Finance Director.

Payments & Reconciliations:

All supplier payments will be made electronically.

The bank file will be prepared by accounts payable of the finance team – directly from [accounting software].

The bank file will be reviewed by the Financial Controller / Finance Director.

The bank file will be approved / authorised for payment by one of the Directors.

The accounts payable reconciliation will be completed by junior members of the finance team.