

## Extract from Audit Newsletter 25 received 31/1/2005

### BV 8

Short Title	<b>Payment of invoices</b>
Service Area	Corporate Health
Additional guidance	<p>This indicator measures undisputed invoices paid against mutually agreed terms or, if there are not any, against the 30 day standard. Time is calculated in calendar days and not working days.</p> <p>Where a supplier allows in writing more than 30 days for payment and payment is made within the period specified by the supplier, then that will count as a 'success'.</p> <p>If an authority has included in the terms and conditions that invoices must be sent direct to the payments section, it would be acceptable for the authority to count as disputed any invoices sent elsewhere in the authority.</p> <p>'Mutually agreed terms' means terms that have been specifically agreed to by the authority rather than those a supplier puts on the end of an invoice as a matter of course. If the authority has agreed terms they take precedence over the thirty-day period.</p> <p>Authorities may include invoices which fall within the scope of VAT (remembering that zero rated and exempt items still fall within the scope of VAT) and exclude those that should be omitted from box 7 of the VAT return.</p> <p>All direct debit items count as a success.</p> <p>Invoices paid by ALMOs should not be counted in this indicator.</p> <p>Each payment by a procurement card bill counts as an 'invoice' rather than the number of items on the bill.</p>

**Extract from Guidance for BVPI's for 2003/04 issued by the ODPM download from web-site 31/1/2005**

**Cost and efficiency**

**BV 8<sup>[8]</sup>**

The percentage of invoices for commercial goods and services that were paid by the authority within 30 days of such invoices being received by the authority.

The number of undisputed invoices for commercial goods and services paid to external contractors and suppliers during the year by the authority within mutually agreed terms or 30 days if such terms do not exist, as a percentage of all such invoices paid by the authority in the year. Authorities may exclude invoices sent to schools and paid from delegated school budgets if they wish. Time starts from the date the authority (not the payment section) receives the invoice to the date of:

- dispatch of a cheque or other payment instrument;
- notification to bank for BACS payments; or
- bank processing of the payment if the authority specifies a period after which the bank is to make the payments once it has received the BACS tape.

If an invoice is received in advance, the 30 day or agreed term period starts from the satisfactory receipt of goods and/or services. Where the authority does not record the date it receives the invoice it should add two days to the date of the invoice unless it has sampled invoices during that year to get a more accurate period to add to that date.

If sampling is used, the sample should be broadly representative of all invoices received by different departments and at different times of the year, and consist of at least 500 invoices.

**Target setting:** Local.

**Scope:** Metropolitan Authorities, London Boroughs, Unitary Authorities, County Councils, District Councils, Council of the Isles of Scilly, Common Council of the City of London, National Parks Authorities, National Broad Authority, Fire Authorities in England and Wales, Greater London Authority, Passenger Transport Authorities, TfL, London Development Agency