

IMPROVEMENT ACTION PLAN FOR TIMELY PAYMENT OF INVOICES

1. Identifying Primary Causes for Non-Payment

- **A)** Ensure of all supply chain invoices are paid within 30-60 days.
- **B)** For invoices under agreed contract terms, ensure 100% compliance with the agreed payment deadlines.

The common reasons for non-payment include:

- **Discrepancies in invoice details** (incorrect amounts, missing references).
- **Delays in approval workflows** due to miscommunication or internal bottlenecks.
- **System errors** in accounting software or mismatches in supplier records.
- **Cash flow constraints**, although minimized, can occasionally impact smaller accounts.

2. Actions to Address Each Cause

1. Streamlined Verification Process

- Implement a three-step verification mechanism to validate invoices within five business days.
- Automate invoice checks through advanced features in the accounting system to detect discrepancies early.

2. Enhanced Communication

- Establish a direct communication channel with suppliers for quicker resolution of invoice queries.
- Introduce bi-weekly supplier updates to address potential issues in real time.

3. System Upgrades

- Regularly update the accounting system to minimize technical glitches.
- Conduct training for finance staff to optimize software usage.

4. Cash Flow Management

- Maintain a reserve fund to prioritize supplier payments during financial constraints.
- Develop a rolling forecast mechanism to anticipate and mitigate liquidity challenges.

3. Reporting Mechanism and Commitment to Progress

To ensure transparency and accountability:

• Regular Reporting to Audit Committee:

- Present monthly updates on payment performance, including percentage compliance with 30-60 days and contract-specific terms.
- Highlight resolved and unresolved issues, along with proposed solutions.

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Quarterly Reviews:

- Conduct formal reviews with senior management and suppliers to assess progress.
- Adjust procedures based on supplier feedback and audit findings.

Commitment Statement:

- Reaffirm the organization's commitment to timely payments through public reporting and adherence to established regulatory frameworks.

Expected Outcomes

1. Achieve consistent compliance with payment standards.
2. Build trust and reliability within the supply chain.
3. Demonstrate accountability through transparent progress reporting.

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