



PAYMENT IMPROVEMENT ACTION PLAN

REV. 2026/01

COMMERCIAL

Payment Improvement Action Plan

16 January 2026

Current Payment Terms and Performance:

Our standard payment terms are 60 days. All invoices that are free from queries are paid within these terms. A report from D&B classifies our payment behaviour as 78 out of 100, indicating a low risk of slow payment.

Recognising the necessity of improving our payment procedures, we have developed the following Payment Improvement Plan highlighting the main issues posed in consistent payment to suppliers within 60 days of invoice receipt, with our goal set at paying minimum 95% of invoices within 60 days.

Challenges and Reasons for Delays:

The primary reason for not meeting the 60-day payment target is the standard payment terms of 60 days, which sometimes extend slightly beyond this period due to administrative processes and verification requirements. Additionally, delays occurred due to suppliers not responding promptly to queries raised by our accounts department. These queries often involve issues such as lack of information, incorrect PO numbers, and other discrepancies.

Remedial Actions – Our plan to address the previously outlined challenges and achieve our goal of 95% paid within 60 days is as follows:

1. Streamline Internal Invoice Processing

1.2 Actions

- Redesign the invoice-verification workflow to reduce handoffs and eliminate redundant approval steps.
- Implement automated three-way matching (Purchase Orders ((PO)), goods receipt, invoice) for all suitable spend categories.
- Introduce internal SLAs for each stage of invoice processing (e.g., verification, approval, posting).
- Establish a centralised invoice intake channel to ensure all invoices enter the system promptly.

1.3 Owners

- Finance Manager
- Accounts Payable (AP) Team Lead
- Procurement Manager

1.4 Timeline

- Process redesign: 4–6 weeks
- Service Level Agreement (SLA) rollout: 2 weeks
- Centralised intake: Immediate

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2. Improve Supplier Invoice Accuracy and Documentation

2.1 Actions

- Issue a standardised "Invoice Submission Guide" to all suppliers.
- Enforce a strict "No PO, No Pay" policy to prevent invoices without correct references.
- Provide sample invoices and checklists to reduce common errors (missing PO, incorrect coding, incomplete details).
- Strengthen supplier onboarding to ensure invoicing requirements are clearly understood.

2.2 Owners

- Procurement
- Supplier Relationship Manager
- Accounts Payable

2.3 Timeline

- Guide distribution: 2 weeks
- Policy enforcement: Immediate
- Onboarding improvements: 4 weeks

3. Reduce Delays Caused by Supplier Non-Responsiveness

3.1 Actions

- Introduce a formal escalation process for suppliers who fail to respond to invoice queries within 48 hours.
- Implement automated reminders for outstanding queries.
- Track supplier responsiveness as a KPI and include it in quarterly supplier reviews.
- Prioritise suppliers with strong administrative performance for preferred-supplier status or faster payment terms.

3.2 Owners

- Supplier Relationship Manager
- Accounts Payable
- Procurement

3.3 Timeline

- Escalation process: 2 weeks
- Automated reminders: 4 weeks
- KPI reporting: Monthly

4. Strengthen Communication Between Accounts and Suppliers

4.1 Actions

- Create a dedicated invoice-query mailbox or ticketing system to ensure queries are logged, tracked, and resolved efficiently.
- Develop standardised query templates to ensure clarity and consistency.
- Host periodic supplier training sessions to address recurring issues and improve compliance.

4.2 Owners

- Accounts Payable
- IT Support (for ticketing setup)
- Supplier Relationship Manager

4.3 Timeline

- Query mailbox/ticketing: 4 weeks
- Templates: 1 week
- Training sessions: Quarterly

5. Increase Visibility and Control Over Payment Timelines

5.1 Actions

- Implement real-time dashboards showing invoice ageing, bottlenecks, and invoices approaching the 60-day threshold.
- Produce weekly exception reports for invoices at risk of breaching payment terms.
- Conduct monthly root-cause analysis on all late payments and assign corrective actions.

5.2 Owners

- Finance Manager
- Accounts Payable
- Data/Reporting Team

5.3 Timeline

- Dashboard development: 6–8 weeks
- Weekly reporting: Immediate
- Monthly reviews: Ongoing

6. Strengthen Internal Capability and Accountability

6.1 Actions

- Deliver training to staff on PO creation, coding accuracy, and the importance of timely approvals.
- Assign clear ownership for each stage of the invoice lifecycle.
- Introduce performance metrics tied to timely invoice processing.

6.2 Owners

- Finance Manager
- HR (for training coordination)
- Department Heads

6.3 Timeline

- Training rollout: 4 weeks
- Ownership assignment: Immediate
- Metrics implementation: 6 weeks

7. Review and Align Payment Terms With Operational Realities

7.1 Actions

- Assess whether the current 60-day terms align with actual processing capabilities.
- Where appropriate, renegotiate terms with suppliers or streamline internal processes to ensure compliance.
- Explore early-payment programmes to incentivise accurate and timely invoice submission.

7.2 Owners

- Procurement
- Finance Director
- Supplier Relationship Manager

7.3 Timeline

- Terms review: 6 weeks
- Supplier discussions: As required

8. Implement Technology Solutions to Reduce Manual Delays

8.1 Actions

- Deploy OCR tools to automate invoice data capture.
- Integrate procurement and finance systems to reduce mismatches between POs and invoices.
- Introduce a supplier portal for invoice submission, status tracking, and query resolution.

8.2 Owners

- IT
- Finance Systems Team
- Procurement

8.3 Timeline

- OCR implementation: 8-12 weeks
- System integration: 12-16 weeks
- Supplier portal: 16-20 weeks

1. Regular Reporting -

We operate a structured reporting mechanism to ensure the supplier's audit committee receives clear, timely, and evidence-based updates on progress against agreed corrective actions, performance targets, and compliance obligations. This mechanism reinforces transparency, strengthens supplier-client trust, and ensures that any emerging risks or delays are identified early and addressed promptly.

The reporting framework operates under a formal governance structure, with defined roles, responsibilities, and escalation routes. This ensures that reporting is not ad hoc but embedded into routine oversight and performance management.

2. Reporting Frequency and Schedule -

A fixed reporting cycle will be implemented to provide predictable and consistent updates:

- Monthly progress reports summarising key metrics, completed actions, outstanding items, and risks.
- Quarterly deep-dive reports providing trend analysis, root-cause insights, and forward-looking forecasts.
- Annual assurance report summarising overall performance, long-term improvements, and alignment with contractual or regulatory expectations.

These reports will be submitted in advance of scheduled audit committee meetings to allow members sufficient time for review and challenge.

3. Report Content and Structure -

Each report will follow a standardised format to ensure clarity, comparability, and completeness. Core components will include:

3.1 Executive Summary

- High-level overview of progress
- Key achievements and milestones
- Summary of risks, delays, or deviations from plan

3.2 Performance Metrics

- Invoice processing times
- Compliance with payment terms
- Supplier responsiveness to queries
- Accuracy of documentation and PO compliance
- Ageing analysis of outstanding invoices

3.3 Corrective Action Tracker

- Status of each agreed action (Not Started / In Progress / Completed / At Risk)
- Evidence of completion
- Revised timelines where necessary
- Assigned owners and accountability

3.4 Risk and Issue Log

- Newly identified risks
- Mitigation measures
- Escalation items requiring audit committee attention

3.5 Forward Plan

- Planned activities for the next reporting period
- Expected improvements or milestones
- Resource or support requirements

4. Data Integrity and Assurance Measures -

To ensure the audit committee receives reliable and accurate information, the reporting mechanism will incorporate:

- Internal validation checks on all data inputs
- Cross-functional review by Finance, Procurement, and Accounts Payable
- Audit trail documentation for all reported metrics
- Version control to ensure consistency and traceability

Where appropriate, independent assurance (internal audit or third-party review) may be commissioned to validate progress.

5. Communication and Escalation Protocols -

The reporting mechanism will include clear communication pathways:

- Reports will be submitted to the audit committee chair and secretariat by a designated deadline.
- Significant risks or delays will be escalated immediately rather than waiting for the next reporting cycle.
- The audit committee will have the opportunity to request additional information, clarifications, or supplementary reports.
- Feedback from the audit committee will be formally captured and incorporated into subsequent reporting cycles.

6. Roles and Responsibilities -

To ensure accountability, the following roles will be defined:

- Finance Manager – overall owner of the reporting process
- Accounts Payable Lead – responsible for data accuracy and operational updates
- Procurement Manager – responsible for supplier-related insights and compliance
- Governance/Compliance Officer – ensures alignment with audit expectations and reporting standards
- Audit Committee Secretariat – coordinates meeting schedules, documentation, and distribution

Each role will have documented responsibilities to prevent gaps or duplication.

7. Commitment to Continuous Improvement -

The organisation commits to:

- Reviewing the reporting mechanism annually to ensure it remains fit for purpose
- Incorporating audit committee feedback into process enhancements
- Adapting reporting content as new risks, regulatory requirements, or performance expectations emerge
- Maintaining open, transparent communication with the supplier's audit committee at all times

This commitment ensures the reporting mechanism evolves alongside operational and governance needs.

8. Formal Statement of Commitment -

The organisation formally commits to providing regular, accurate, and comprehensive progress reports to the supplier's audit committee. This commitment includes:

- Timely submission of all scheduled reports
- Full transparency regarding challenges, delays, and risks
- Evidence-based reporting supported by validated data
- Active engagement with the audit committee to support oversight and assurance
- A continuous improvement mindset to strengthen financial controls and supplier management.



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