

Lead topic: Prompt Payments/Penalty Interest	Sub-topic: Penalty Interest	Contact: Cep Carty Ext:
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FAST FACTS

- In 2014, the Department of Public Expenditure and Reform incurred penalty interest costs of €17,561.83 in respect of invoices which were paid later than the specified terms under prompt payments legislation – generally 30 days are allowed.
- Much of this arose because of uncertainty around final contract duration/price – with Managers deferring the creation of an order until the related invoice was received and the final contract price was settled.
- My Department sought to address this procedural weakness with a view to improving financial oversight and reduce interest and compensation penalties.
- The following actions have been taken:
 - Budget holders have been instructed to capture a commitment on the system as soon as there is a contractual obligation to pay, even if this means capturing an estimated cost
 - Budget holders are reminded on a quarterly basis of this requirement.
 - A “payment compliance report” has been developed which captures statistics around late processing and interest costs by sub-division.
 - The central invoice processing unit has written to regular suppliers indicating that invoices will be rejected unless they contain a valid order number reference.

The above actions have been reflected in an improved performance in 2015 – we have seen a 46% reduction in interest costs. We continue to monitor these processes to achieve further reductions.

