



Supplier Invoice Dispute Resolution Process

Introduction

Exponential-e is fully aware of our obligations with regard to payment of supply chain parties, which are outlined in the PPN notice, and are aware that our Public Sector customers are also equally obliged to adopt this approach.

<https://www.gov.uk/government/publications/procurement-policy-note-0821>

We pay all undisputed supplier invoices once the relevant goods and services are received in full and once the invoices fall due. Contractually we reserve the right to part-pay invoices where legitimate disputes are raised concerning the validity of charges invoiced. Where possible we will always make a payment for the correctly invoiced element on the invoice even if part of it is being disputed.

Exponential-e will always follow the agreed procedure to raise a dispute with the supplier, explaining the reasons before not paying or part-paying a supplier invoice, and endeavour to resolve in an expedient time and manner as possible. It is Industry practice to part-pay supplier invoices wherever a dispute has been raised, as it is often the case that supplier invoices will consist of multiple lines / cost items and the risk of a single incorrect or disputed item is higher because of the volume of entries.

Some suppliers (e.g. BT Openreach) will not accept part-payments; their invoices must be paid in full and on time, and Exponential-e complies with this requirement. In general, we foster good levels of communication with all of our supply chain partners to ensure any disputes or queries are resolved as quickly as possible and the risk of errors/disputes for future invoicing is mitigated wherever possible.

Dispute Resolution Process

Exponential-e's Accounts Payable department will receive the supplier invoices via email to Purchaseledger@exponential-e.com or if a notification is received stating the invoices are available on the portal where we previously obtained security access.

Once invoice is received the Purchase Ledger team will analyse the charges with utmost care to ensure that the details are correct. This is in everyone's benefit to identify possible billing discrepancies to avoid any major corrections required further down the line.

If any unrecognised services or increased costs have been identified with no specified reason then Exponential-e reserve the right to mark this element of the invoice as "in dispute" until it has been clarified and resolved.

If sufficient information and data is provided in advance of the invoice being received, this will assist the team to resolve the query in a quick and efficient manner and it will not result in short-payment.

However if the aforementioned data is not stated or the information is incomplete or unrecognised then we will seek answers internally using our provisioning and support portals, and by emailing our query to the relevant supplier should no information be found internally. This will generally be completed as soon as the invoice is being reviewed so in most cases well in advance of the invoice due date. The burden of responsibility is with the supplier to validate the invoice and address the disputed charges. If this information is not forthcoming or is not received before the payment run we will be holding that element from the payment and releasing the remainder of the invoice value when the invoice becomes due.



Public Sector Supply Chain Payment Terms

For public sector contracts awarded under the Public Contract Regulations 2015 we have systems in place to include (as a minimum) 30-day payment terms in all of our supply chain contracts and require that such terms are passed down through our supply chain. We achieve this by establishing and agreeing a set of “flowdown” subcontractor contract terms, which are based on the relevant framework under which the supplier is providing services.

These terms also provide a mechanism for suppliers to raise disputes on invoices and the process by which these disputes are managed is covered above. The following clauses are extracted from our RM3808 Flowdown set of subcontractor terms, a full copy of which has been included in our RM6116 submission:

- 4.1 In exchange for the Deliverables, the Supplier must invoice Exponential-e for the Charges as set out in Appendix C.
- 4.2 All Charges
 - exclude VAT, which is payable on provision of a valid VAT invoice
 - include all costs connected with the Supply of Deliverables
- 4.3 Exponential-e must pay the Supplier the Charges within thirty (30) days of receipt by Exponential-e of a valid, undisputed invoice, in cleared funds using the payment method and details set out here:

{insert details here – may differ for each subcontractor organisation according to what is mutually acceptable to both parties}.
- 4.4 A Supplier invoice is only valid if it:
 - includes all appropriate references including this Contract reference number and other details reasonably requested by Exponential-e
 - includes a detailed breakdown of Delivered Deliverables and Milestone(s) (if any)
- 4.5 Exponential-e may retain or set-off payment of any amount owed to it by the Supplier if notice and reasons are provided.
- 4.6 The Supplier must ensure that all Subcontractors are paid, in full, within thirty (30) days of receipt of a valid, undisputed invoice. If this doesn't happen, Exponential-e is entitled to notify CCS and CCS can publish the details of the late payment or non-payment.
- 4.7 If Exponential-e can get more favourable commercial terms for the supply at cost of any materials, goods or services used by the Supplier to provide the Deliverables and that cost is reimbursable by Exponential-e, then Exponential-e may either:
 - Unilaterally amend this Contract by notice to align to the more favourable terms offered for the relevant items
 - enter into a direct agreement with the Subcontractor or third party for the relevant item
- 4.8 If Exponential-e uses Clause 4.7 then the Charges must be reduced by an agreed amount by using the Variation Procedure.
- 4.9 Exponential-e's right to enter into a direct agreement for the supply of the relevant items is subject to both:
 - the relevant item being made available to the Supplier if required to provide the Deliverables
 - any reduction in the Charges excludes any unavoidable costs that must be paid by the Supplier for the substituted item, including any license fees or early termination charges.
- 4.10 The Supplier has no right of set-off, counterclaim, discount or abatement unless they're ordered to



do so by a court.

Non-Public Sector Supply Chain Payment Terms

Our Partner Master Agreement (copy of which has been included in our submission) states the following clauses relating to Payment (note: “Customer” is defined as Exponential-e Ltd, “Supplier” is defined as the supplier organisation):

- 6.1 In consideration of the provision of the Software, Goods and/or Services by the Supplier, the Customer shall pay the applicable Price.
- 6.2 The Supplier shall invoice the Customer for the Software, Goods and/or Services [monthly/quarterly] in arrears. Each invoice shall specify the Scope of Supply Document number (or Purchase Order number as the case may be), Supplier’s VAT registration number, the Software, Goods and/or Services provided and any additional relevant information. Any invoice which does not comply with these requirements shall be deemed to have been incorrectly submitted and shall not be payable.
- 6.3 The Customer shall, unless it is subject to a genuine dispute, pay correctly issued invoices within sixty (60) days of Customer’s receipt of the invoice. Invoices must be received at the end of the calendar month. The Customer will not entertain any request to process invoices mid-month.
- 6.4 The Price is inclusive of the cost of packaging, insurance and carriage and unless agreed otherwise by the Parties, is inclusive of all taxes, charges, duties and levies other than the UK value added tax (“VAT”) which the Customer shall pay in addition to the Price at the rate prescribed by Applicable Law from time to time subject to receipt of a valid VAT invoice.
- 6.5 If the Customer disputes the whole or any part of the invoice, it may withhold payment of that invoice provided that:
 - a) it gives notice in writing to the Supplier of any intention to withhold payment;
 - b) allows the Supplier the right to reissue an amended invoice for the undisputed amount; and
 - c) specifies the amount to be withheld and the grounds for withholding the payment.
- 6.6 The Parties shall negotiate in good faith to attempt to resolve the dispute promptly. The Supplier shall provide all such evidence as may be reasonably necessary to verify the disputed invoice. If the Parties have not resolved the dispute within thirty (30) days’ of the Customer giving notice to the Supplier, the dispute shall be resolved in accordance with Clause 23. The Supplier’s obligations to provide the Software, Goods and/or Services shall not be affected by any payment dispute.
- 6.7 Except where the Customer withholds an amount due to a bona fide dispute pursuant to Clause 6.5, the Supplier shall be entitled to charge simple interest on undisputed overdue sums at the rate of two per cent (2%) per annum above Bank of England base rate from the date after the due date until receipt of payment in full. The Parties agree that the Supplier’s right to claim interest under this Clause 6.7 shall be a substantial and sole remedy for late payment of undisputed invoices. In relation to payments disputed in good faith, interest under this clause is only payable after the dispute is resolved on sums found or agreed to be due from fourteen (14) Business Days after the dispute is resolved until payment.
- 6.8 The Customer may at any time, without notice to the Supplier, set off any liability of the Supplier to the Customer against any liability of the Customer to the Supplier, whether either liability is present or future, liquidated or unliquidated and whether or not either liability arises under this Agreement.