

SCHEDULE 7**INVOICING PROCEDURE****1. INTRODUCTION**

- 1.1 This Schedule describes the invoicing procedure that the Contractor shall use to request payment for the Service properly delivered and the Authority shall use to authorise such payments.

2. CHARGES

- 2.1 All payments for the delivery of the Services shall be made in accordance with the terms of the Agreement, the provisions of this Schedule 7 together with the provisions of Schedule 6, which details the Charges to be made and Schedule 20, which details the Services Level and Service Credits regime to be applied.
- 2.2 All invoices shall show any applicable Value Added Tax (VAT) as a separate amount and the prevailing rate expressed in percentage terms. The total sum payable, inclusive of VAT, shall also be shown.

3. INVOICE PROCEDURE

- 3.1 All Charges shall be invoiced monthly in arrears and shall include all Charges for the Month in pounds sterling.
- 3.2 In the event that the Service Credits are to be applied in accordance with Schedule 20, the Contractor shall ensure the invoice includes the appropriate deductions in respect of such Service Credits. Where, in the reasonable opinion of the Authority, a further claim for Service Credits is due in accordance with the provisions of Schedule 20 and has not been included in the invoice, the Authority shall be entitled to dispute the invoice in accordance with the provisions of paragraph 6 of this Schedule 7.
- 3.3 The Authority and the Contractor shall, prior to the submission of the first invoice, agree in good faith the format, content and supporting evidence required, to be adopted in respect of invoices. As a minimum, the invoices shall include:
- the contract reference number;
 - the name and address of Contractor;
 - the Contractor's VAT number;
 - an itemised description of the Services being invoiced (e.g. Basic Services, Optional Services, Additional Services) by Service Stream, Region and Business Unit (as further specified in paragraph 2.14 of Schedule 6);
 - the quantity of goods or extent of Services;
 - the Charges for any itemised goods/Services (excluding VAT and in pounds sterling);
 - any Service Credits being applied;
 - the rate of VAT being applied;
 - VAT charged for each Service;
 - the total Charge excluding VAT;
 - the total VAT; and
 - the overall total.

- 3.4 The Contractor acknowledges that the Authority may require at some time in the future invoices to be submitted by Region, Building and Business Unit subject to clause 2.14.2 of Schedule 6.
- 3.5 All invoices shall be submitted to the Authority for the attention of the Contract Director. The Authority shall provide to the Contractor the address to which the invoices shall be submitted within twenty-eight (28) days after the Effective Date.
- 3.6 The Contractor shall submit with the invoice all detailed supporting documentation relating to the above, at no extra cost, to enable the Authority to properly authorise payment to be made. The content of such supporting documentation shall be covered by the Management Information reports detailed in Schedule 8 and any further detail that is agreed during the Transition Period. This information shall be provided according to timescales and periods specified by the Authority. The Authority shall agree the details and format of this information during the Transition Period, prior to payment of the first invoice.
- 3.7 Where, in the reasonable opinion of the Authority, there is insufficient supporting information to authorise an invoice the Contractor shall provide all reasonably requested detailed information to the Authority, at no extra cost, to support such invoice. This information shall be provided according to timescales and frequency reasonably specified by the Authority.

4. INVOICE PAYMENT

- 4.1 Taking account of any Service Credits payable in accordance with Schedule 20, the Authority shall validate each invoice, in relation to the Services performed based on the information provided and on performance data provided by the Contractor or generated by the Authority.
- 4.2 The Authority shall make payment to the Contractor within thirty (30) days of receipt of a valid, duly completed invoice accompanied by the supporting invoicing information set out in paragraph 3.6 above.
- 4.3 For the avoidance of doubt, where the Contractor fails to submit an invoice in the prescribed form or accompanied by the appropriate supporting information as set out in paragraph 3.3 above and described in Schedule 8 it shall not be considered to be a valid invoice for the purposes of paragraph 4.2 above and the Authority shall not be required to make payment within thirty (30) days of receipt of such invoice. The Authority shall notify the Contractor that an invoice is not valid within five (5) Working Days from receipt of such invoice.
- 4.4 The Contractor shall notify the Authority of the bank account on the standard form supplied for this purpose. The Authority will send notifications of payments to the Contractor's address stated on the standard form.

5. NOTIFIABLE COSTS

- 5.1 Where the Contractor uses accommodation provided by the Authority, a notional charge ("Notifiable Cost") is attributed to such accommodation. These Notifiable Costs have to be reported against and the value reconciled but without affecting the Charges. Consequently, the Notifiable Costs detailed in Schedule 6 shall be reconciled annually and the Authority shall then invoice the Contractor for the actual Notifiable Costs.
- 5.2 On receipt of the invoice, the Contractor shall issue a credit note for the invoiced amount and shall invoice the Authority for the actual Notifiable Costs.

- 5.3 On receipt of an invoice the Authority shall write a credit note for the invoiced amount.
- 5.4 The Authority shall validate each invoice in relation to Notifiable Costs based on the information provided.

6. DISPUTED INVOICES

- 6.1 Payment by the Authority of all or any part of any invoice submitted by the Contractor shall not signify approval of such invoice. The Authority reserves the right to verify invoices after the date of payment and subsequently to recover any sums which have been overpaid.
- 6.2 If any part of an invoice submitted by the Contractor is disputed or subject to question by the Authority either before or after payment then the Authority may request the Contractor to provide such further documentary and oral evidence as it may reasonably require to verify its liability to pay the amount which is disputed or subject to question.
- 6.3 If any part of an invoice submitted by the Contractor is disputed or subject to question by the Authority, the Authority shall not withhold payment of the remainder.
- 6.4 Where the Authority disputes all or part of an invoice and for this reason does not pay all or part of the invoice within thirty (30) days of receipt in accordance with paragraph 4.2, the Authority shall not be liable to pay interest in accordance with Clause 9.5. The Authority shall pay the invoice within thirty (30) days of the Parties having resolved the dispute.
- 6.5 If any invoice submitted by the Contractor is paid but any part of it is disputed or subject to question by the Authority and such part is subsequently agreed or determined not to have been properly payable then the Contractor shall forthwith repay such part to the Authority.
- 6.6 The Authority shall be entitled to deduct from sums due to the Contractor, by way of set off, any amounts owed to it or which are in dispute or subject to question either in respect of the invoice for which payment is being made or any previous invoice

7. AUDIT

- 7.1 The Authority reserves the right to audit the Contractor's invoices and supporting documentation under the obligation imposed by Clause 36 and the provisions of Schedule 17.
- 7.2 Where the Authority finds any errors, in the case of over-charging, upon prior notice by the Authority to the Contractor, any error and any reduction to be made to the amounts due under an invoice, shall be reduced accordingly, unless the Contractor is able to provide evidence (within thirty (30) days of such notification by the Authority or such other period as the Parties may agree) to the satisfaction of the Authority that the error has not been made to the extent calculated by the Authority.
- 7.3 In the case of under-charging the Contractor shall submit a supplementary invoice in accordance with paragraph 3 to this Schedule.