



Deputy Lyndsay Feltham
Chair, Public Accounts Committee
BY EMAIL

4 September 2023

Dear Chair

Re: Connect Finance and Government of Jersey Supplier Invoices

Thank you for your letter of 29 August 2023, which contained questions on the transition to the new Connect Finance/Ariba system. Please see responses to your questions below.

1. Please can you outline how Government services have been affected due to non-payment of invoices?

Since Connect Finance/Ariba was implemented in January 2023, the Government has made 109,000 invoice payments totalling £405 million. Given the size and scale of the programme, the implementation of Connect Finance/Ariba inevitably came with challenges. Any change impacting over 8,000 suppliers and 1,300 requisitioners will surface some initial issues. During the first quarter, 73% of invoices were paid within our standard 30 day payment terms as suppliers, requisitioners and approvers were adopting new systems and processes for ordering and invoice processing. This was below our Jersey Performance Framework target to pay 80% of invoices within 30 days. Payment performance has since improved with 87% of invoices currently being paid within 30 days. This recent performance is comparable to our annual payment performance in 2022.

Throughout this period we have been working closely with the supply chain to understand any issues and deliver solutions. Where departments have highlighted invoice payment issues that could impact on front line public services, we have arranged regular meetings, escalated issues and prioritised payments to ensure that services are not affected. In particular, there has been close liaison between Health and Community Service (HCS) and Treasury to ensure that front line health provision is not impacted.

2. Please can you provide information about the number of suppliers affected by the non payment of invoices?

Some suppliers provide goods or services across a range of departments and will be submitting hundreds of invoices and so it would be unrealistic to expect every invoice to be processed within 30 days. We aim to process 80% of invoices within 30 days. An invoice can take longer than 30 days to pay for a number of reasons, including that it is under dispute. Where suppliers have fully adopted Connect Ariba, we are paying 90% of their invoices within 1 week.

The transition to Connect Finance/Ariba involved a particular challenge around how to pay invoices received in 2023 relating to orders raised in 2022. We knew that the payment of these invoices would be time-consuming as we have needed to use a more manual process for gaining the

necessary budget holder approval. This has proved more time consuming than expected. However, over 10,700 invoices relating to 2022 have now paid. There remain around 1,000 invoices from 2022 and these are currently with approvers for the necessary budget holder approval prior to payment. Additional support has been provided to requisitioners/budget holders as part of the Embed Connect project to get these final 2022 invoices paid. Less than 4% of our suppliers are impacted by these outstanding 2022 invoices.

3. How many suppliers are refusing or delaying the provision of goods and services?

We do not collect data centrally on how many suppliers are refusing or delaying the provision of goods or services. When a department highlights that a supplier is considering refusing to provide goods or services, we work proactively across departments to understand the root cause of the issue and resolve. There are a range of reasons as to why payment may have been delayed. Invoices may be under dispute, suppliers may not have completed all parts of the process or departmental requisitioners/approvers may not have completed the necessary financial approvals to allow payment under the Public Finance Manual. We work to support departments when issues are identified and where it is necessary to make same day payments to ensure continuity of supplies.

Suppliers refusing to supply the government, has been an issue in previous years, before the implementation of the new system.

4. Please can you describe the measures being taken to mitigate the risks associated with non-payment of supplier invoices and how issues associated with non-payment of invoices are being managed ?

We recognise that the implementation of Connect Finance/Ariba has been challenging for some of our suppliers. To mitigate the risks we have been working closely with our supply chain and departments to understand their issues and make payments.

We have had a particular focus on key suppliers of goods and services for front line public services. Regular meeting have been held to highlight and progress any particular issues with key suppliers. An escalation process has been established and daily payment runs have been used to make payments into supplier bank accounts promptly.

Where it has been identified that system improvements will improve the supplier experience around invoice payments, these have been prioritised. For example, improvements to remittance advices have been implemented so that suppliers can better understand the payments they are receiving.

An Embed Connect project has been instigated to further understand the root cause of issues that can impact on payment performance. A dedicated Embed Connect team was established in August 2023 and is in place until the end of 2023, with the aim of understanding themes and delivering holistic fixes across the organisation to any common issues.

5. What proportion of non payment of supplier invoices directly related to the Connect Finance system?

All supplier invoices payments are made through the Connect Finance system.

Non payment of a supplier invoice can have a number of root causes. The root cause could be a process issue, user error or a Connect Finance technical system issue. Typically, the issues that impacted on payment performance during the first quarter related to users learning new processes rather than system issues. If technical system issues are identified there is an established process for raising tickets and prioritising the delivery of change requests into Connect Finance/Ariba.

I hope the above information is helpful and provides reassurance regarding the improving payment performance and the mitigating actions that have been taken place to address the challenges that the implementation of a programme of this scale will inevitably involve.

We would of course be pleased to help the Committee with any further queries that may arise.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'T. Walker', with a stylized, cursive script.

Tom Walker
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