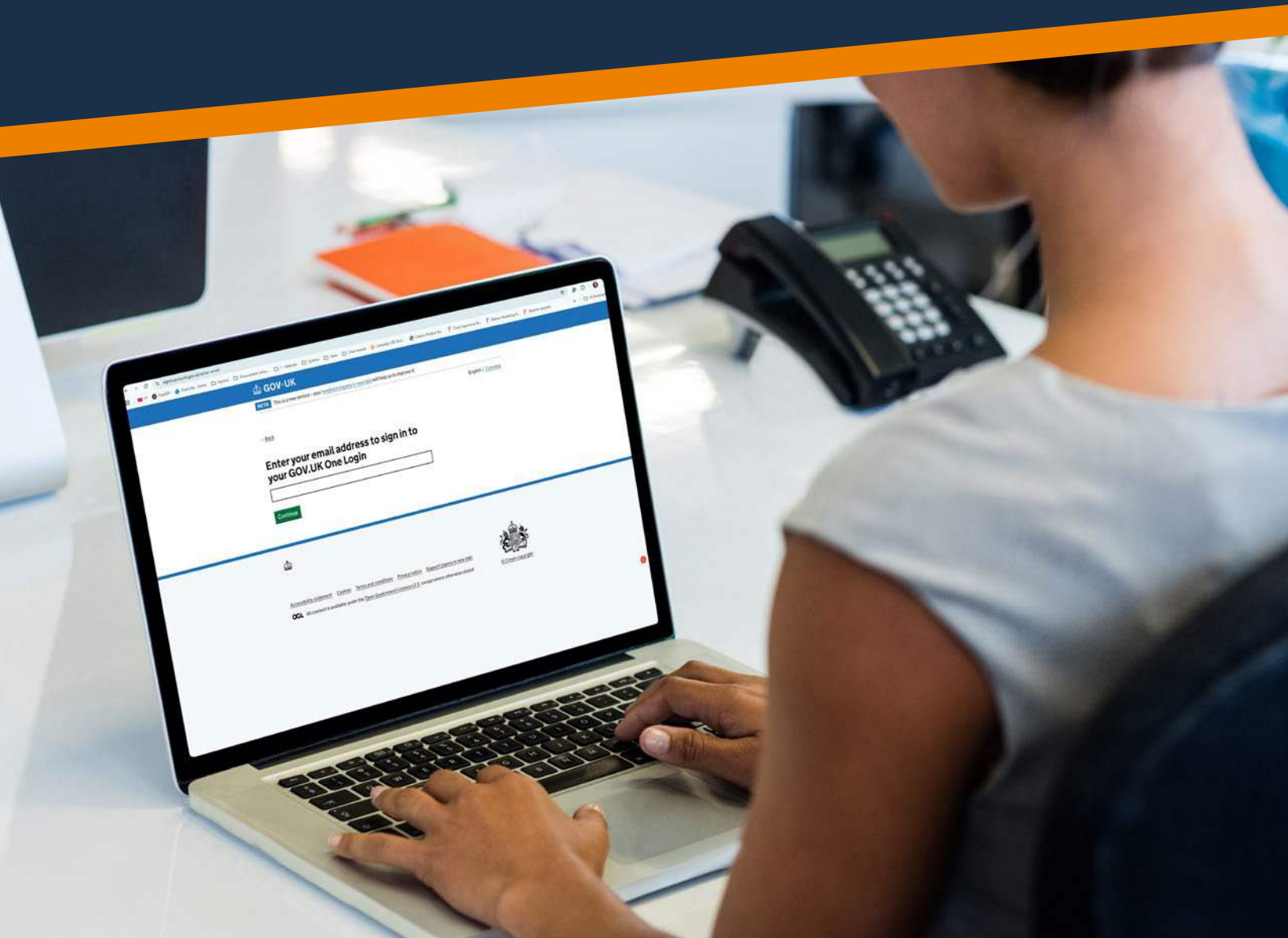


Preparing for payment reporting under
the Procurement Act 2023:

5 practical tips and 9 checklist items





The Procurement Act 2023 is now in force, and the first official reporting cycle for public sector payment compliance has begun on 1 October 2025. With the first Payment Compliance Notice due for publication by **30 April 2026**, the time for planning is over. The time for urgent action is now. Every day of delay increases your risk of non-compliance, audit failure, and public scrutiny. Don't wait until it's too late to discover your systems and processes are inadequate to ensure compliance.

To ensure your organisation is not caught off guard and to build a robust, compliant payment reporting process, here are **5 practical tips** you can implement immediately.

1. Treat the invoice receipt date as your single source of truth

Most public sector organisations have historically relied on the date an invoice is *processed* in the finance system or when a Goods Received Note is completed. Under the Procurement Act, the clock starts on the day the invoice is received, regardless of the method (email, portal upload, post). For many organisations this means changing processes, and potentially systems, to ensure an accurate and timestamped and auditable "invoice received" field is captured every time.

2. Exclude invoices received but unpaid at the period end

Understanding which invoices must be included, and excluded, is essential to producing compliant notices. Only invoices that have been both received and paid within the reporting period can be included in the Payment Compliance Notice. Disputed invoices must be removed, but only where the dispute is genuine, clearly documented and categorised consistently across teams.

This will influence your average payment calculation and could highlight upstream issues if invoices routinely slip into later periods. Payment Compliance Notices must be published every six months, so accuracy at each period end is critical.

3. Build in mandatory sign-off from the right senior officer

The Act requires the Payments Compliance Notice and its underlying data to be approved by the Finance Director (or equivalent). This step must be built into internal processes and timetable planning, especially given the short publication deadlines (typically within 30 days of the period end). Organisations are required to maintain a clear audit trail showing the data, calculations and approval provided by the senior finance officer.

4. Understand and apply exemptions correctly

Certain organisations, contract types and payments fall outside the reporting requirements. Being clear on whether, and where, exemptions apply will prevent incorrect reporting and ensure your datasets are accurate before publication. Examples include some below-threshold procurements, certain utilities, defence/security-sensitive contracts, and specific payment types. To support compliance and future audit requirements, maintain a centralised and well-documented exemption register that captures the rationale for excluding any invoices or contracts.

5. Track changes to the Contract Payment Notice (Section 70)

The requirements surrounding Contract Payment Notices, including thresholds and scope, have been under consultation. Section 70 obligations relate to **individual public contracts**, not organisational payment performance (which is covered under Section 68).

Subscribe to Cabinet Office updates and Procurement Regulation notices so you can adapt early to any final changes.

The difference between procurement notifications under the Procurement Act 2023

Here's a simplified overview of the two types of required procurement notifications for you to consider, ensuring compliance.

NOTICE TYPE		
	Payments Compliance Notice	Contract Payment Notice
Explanation	Six-monthly report on invoice payment performance	Quarterly publication of payments above the statutory threshold
Detail	Includes average days to pay, payment time bands, and director sign-off	Details individual payments made under public contracts
Purpose	Provides transparency on payment practices and promotes prompt payment	Supports transparency and allows visibility of significant public-sector spend

Moving from theory to practice requires a structured approach. The following implementation checklist provides a detailed, step-by-step plan to ensure your organisation is fully prepared for the new payment reporting requirements, assigning clear ownership for each critical task.

1. Governance and project setup

Owner: Procurement Lead

Checklist item	Completed
Identify stakeholders across Procurement, Finance, IT/ERP, Legal, Internal Audit and Service Areas.	<input type="checkbox"/>
Complete stakeholder mapping and agree the RACI: <ul style="list-style-type: none"> • Responsible – who completes each activity? • Accountable – a single senior officer providing final sign-off (typically the Finance Director). • Consulted – subject-matter experts involved in shaping outputs. • Informed – those who need visibility of timelines and outputs. 	<input type="checkbox"/>
Ensure all stakeholders understand their roles and expectations.	<input type="checkbox"/>
Add the reporting requirement to the risk & compliance register and reflect it in audit planning.	<input type="checkbox"/>

2. Data definitions and fields

Owner: Finance

Checklist item	Completed
Agree the minimum data set required for both notices, including: <ul style="list-style-type: none"> • Invoice ID, invoice date and invoice receipt date (critical) • Invoice amount, payment date, payment amount • Payment method • Contract ID / contract reference • Supplier name and identifier • Disputed/invalid status and reason • Data supplier notified of any dispute • Flag for payments over £30k • Currency and VAT indicators 	<input type="checkbox"/>

3. Systems and technical integration

Owner: IT / Finance System Owner

Checklist item	Completed
Ensure the finance system captures invoice receipt date accurately, consistently and in an auditable way.	<input type="checkbox"/>
Add relevant metadata fields where possible (contract ID, public contract flag, above-threshold flag).	<input type="checkbox"/>
Adopt open e-invoicing standards where available to automate key fields.	<input type="checkbox"/>
Build a scheduled report to extract invoices paid within the period (applying the inclusion/exclusion rules).	<input type="checkbox"/>
Assign a technical lead to understand the Central Digital Platform upload requirements and test the process before go-live.	<input type="checkbox"/>

4. Calculation rules and controls

Owner: Finance / Procurement

Checklist item	Completed
Document the calculation rules (e.g., average days = arithmetic mean; day 1 = day after invoice date).	<input type="checkbox"/>
Define all exclusions, including organisational exemptions and specific payment types.	<input type="checkbox"/>
Implement monthly reconciliation between AP ledger and the reporting extract to ensure a clear audit trail.	<input type="checkbox"/>

5. Policies and supplier handling

Owner: Procurement / Legal

Checklist item	Completed
Update templates and standard terms to reflect the 30-day payment expectation and any subcontractor flow-down requirements.	<input type="checkbox"/>
Establish a clear dispute/invalid invoice workflow and timely supplier notification process.	<input type="checkbox"/>

6. Approval and sign-off

Owner: Finance Director

Checklist item	Completed
Create a standardised sign-off pack, including: <ul style="list-style-type: none"> • The calculation workbook • Reconciliation outputs • Explanatory notes for exceptions • Director's approval statement 	<input type="checkbox"/>

7. Training, communications and change

Owner: HR / Procurement

Checklist item	Completed
Train Finance, Procurement and AP teams on correct data capture - particularly invoice receipt date - and the 30-day payment expectation.	<input type="checkbox"/>
Train approvers to act promptly to avoid avoidable delays.	<input type="checkbox"/>
Inform suppliers about new expectations, preferred e-invoicing approaches and dispute notification processes.	<input type="checkbox"/>

8. Testing and dry-runs

Owner: Project Lead

Checklist item	Completed
Perform at least one dry-run using a historical six-month period, producing a mock Payments Compliance Notice and test CDP upload.	<input type="checkbox"/>
Carry out a quarterly dry-run for Contract Payment Notice data (>£30k).	<input type="checkbox"/>
Record issues, time taken and required remediation.	<input type="checkbox"/>

9. Audit and continuous improvement

Owner: Internal Audit

Checklist item	Completed
Include the first published notice in internal audit planning.	<input type="checkbox"/>
Track and implement corrective actions for subsequent reporting periods.	<input type="checkbox"/>

Compliance isn't just a box to tick - it's a legal obligation

The Procurement Act 2023 has changed the game for public-sector payment reporting, and the first deadlines are already in motion. Every day you delay increases the risk of audit failure, reputational damage, and financial penalties.

You now have the insights, practical tips, and a detailed checklist to get started. The next step is action.

- Review your processes today
- Assign clear ownership for each task
- Test your reporting before the April 2026 deadline

Need expert support? We help organisations embed the Procurement Act requirements, from data readiness and system integration to process design and staff training.

Don't wait until it's too late. Contact us now to secure compliance and protect your reputation.