

LATE PAYMENTS

Payment Deadline-A state agency's payment is overdue by the **31st** day after the later of the following:

- the date the agency received the goods;
- the date the supplier completed performing its services for the agency;
- the date the agency received a correct invoice for the goods and services.

Liability for Interest-If TTUHSC does not mail or electronically transmit a payment to a supplier or the supplier's financial institution by the applicable due date, TTUHSC is liable to the supplier for interest in compliance with the following provisions:

- HB2425 (78th Legislature, Regular Session) states that the interest rate on overdue payments will change each September 1st to equal the prime rate that was published the first workday of the previous July in the Wall Street Journal, plus 1%. Also, effective September 1, 2001, interest will not accrue on institutional funds until the interest amount exceeds \$5.00. The interest ceases to accrue on the date that TTUHSC mails or electronically transmits the payment to the supplier or the supplier's financial institution.

Effective September 1, 1999, the Comptroller's Office shall compute interest imposed on the state agencies for late payment. The interest will be paid at the time the payment is made on the principal. The Comptroller shall also submit the interest payment with the net amount due for goods and services. The Comptroller or a state agency may not require a supplier to petition, bill, or wait an additional day to receive the interest due.

If a department recognizes any reason for which a payment should not be processed, the department is responsible for immediately notifying Payables. The following dispute procedures must be initiated.

Disputes between State Agencies and Suppliers -If a state agency believes that an invoice from a supplier is erroneous (e.g. the invoice does not match the items ordered/received, is not understandable, or does not reference the corresponding order number, the agency's full name, number and delivery address), the agency must notify the supplier in writing by the **21st** day after receipt of the invoice. If a dispute between a state agency and supplier is resolved in the supplier's favor, the agency is liable to the supplier for interest on the invoice. This interest must be calculated from the original due date of the payment, as if no dispute ever existed. If a dispute between a state agency and a supplier is resolved in the agency's favor, the supplier must submit a corrected invoice to the agency.

Note: A Department may not obligate the institution. Therefore, a purchase order must be issued prior to placing an order for commodities or services with a supplier. An invoice received with a purchase order request will be considered non-compliant. Purchasing will reject non-compliant requisitions submitted against state appropriated funds with a request for the requisitioning department to resubmit against local funds. Also, an invoice received by Accounts Payable that does not have an associated purchase order, that was issued prior to the date of the invoice/order shipment, will be considered non-compliant.

Note: If a department has instructed a supplier to bill directly to the department instead of the TTUHSC Payables Department, the requisitioning department is responsible for documenting the invoice by date stamp or other method, the date the invoice was received by the requisitioning department. The 30 day payment rule begins on the date and time first received by the agency. It is imperative that requisitioning departments approve and submit invoices to Accounts Payables as soon as possible to allow sufficient time for payment. Delays in forwarding the invoice for payment by the requisitioning department will cause late payment fees to be charged to the department.

It is recommended that requisitioning departments change the billing address on any account to reflect the following:

TTUHSC Payables Department, PO Box 5970, Lubbock, TX 79408.

Be sure that the supplier includes a PO number on each invoice.