



Budget & Finance Department

Prompt Payment Policy & Procedures

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Purpose of this Policy

The Prompt Payment Policy is adopted to ensure payment requests and invoices received by the City's general government departments are paid in accordance with the Local Government Prompt Payment Act, Part VII of Chapter 218, Florida Statutes ("Local Government Prompt Payment Act").

The Prompt Payment Policy is adopted to:

1. Provide requirements to ensure that the City issues prompt payment of a proper invoice to a vendor or contractor;
2. Provide requirements for action by the City departments upon receipt of a payment request or invoice;
3. Provide invoicing requirements for vendors and contractors to ensure invoices contain sufficient detail; and
4. Provide procedures for communicating the dispute resolution process to vendors and contractors concerning payment of payment requests and invoices.

Reference(s)

Prerequisite Steps for ensuring this Prompt Payment Policy is adhered to:

Vendor Master File Implementation [note that this policy requires that the vendor master file implementation procedures be completed prior to work being authorized and invoiced]

Procedures for PD's/PO's [note that proper approvals must be followed to ensure approved PD's/PO's are available to allow for adherence to this Prompt Payment Policy]

Definition(s)

Date stamp. A visible indication which shall be placed on all invoices by the receiving department, by using a "Received" date stamp or other marking of the date the invoice is received by the department.

Dispute. A controversy that arises between a vendor and the City related to the promptness of payment of a proper invoice by the City, which shall be resolved by management in compliance with the guidelines specified in the Local Government Prompt Payment Act ("Prompt Payment Act").

Proper Invoice. A proper invoice conforms to all statutory requirements and all requirements specified in the "Requirements for a proper invoice" on page 4 below. An invoice for partial deliveries fall under this same definition.

Improper Invoice. Any invoice or payment request which is received by Accounts Payable of the Finance Department, or designee, which does not conform to this policy's definition of a "proper invoice."

Accountability

The Budget & Finance Department ensures the policy is being adhered to by monitoring compliance by the responsible departments.

Departmental Responsibilities

- A. *Budget & Finance Department, Procurement Division.* It shall be the responsibility of the Procurement Manager to develop and implement policies and procedures for the following:
1. ensuring contracts and purchase orders contain dispute terms and conditions;
 2. informing all vendors with which the City does business of the City procurement procedures and requirements necessary for authorized purchases;
 3. providing that no purchase order or contract entered into by the City and a vendor violates the Prompt Payment Act;
 4. providing that purchase orders and contracts clearly specify requirements for submitting a proper invoice as defined in this policy;
 5. making available to vendors with which the Department does business the specific requirements for submitting a proper invoice for prompt payment;
 6. providing that purchase orders and contracts clearly specify what are the City's prompt payment dispute resolution procedures, as provided for in this policy.
- B. *Requisitioning Department.* It shall be the responsibility of the Requisitioner to develop and implement procedures, in accordance with the Local Government Prompt Payment Act, for the following:
1. complying with the City's procurement policies and procedures;
 2. complying with the City's vendor payment processing procedures as provided for in this policy;
 3. informing their vendors of the specific requirements for submitting a proper invoice for prompt payment as defined in this policy;
 4. date stamping and immediately forwarding all invoices and contract pay requests and/or other documents required for prompt payment, according to Accounts Payable procedures, to the Accounts Payable Division;
 5. notifying vendors of improper invoices in writing within 10 days of receipt;
 6. notifying as soon as possible the vendor and the Accounts Payable Supervisor of the development of any controversies that might affect prompt payment;
 7. notifying the vendors of the City's prompt payment dispute resolution procedures when controversies that might affect prompt payment arise;
 8. complying with the City's prompt payment dispute resolution procedures as provided for in this policy; and
 9. ensuring that no purchase for which federal funds are intended to be used for payment shall be made without reasonable assurance that federal funds to cover the cost thereof will be received. Where payment or the time of payment is contingent on the receipt of federal funds or federal approval, any contract and any solicitation to bid shall clearly state such contingency.

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- C. *Budget & Finance Department, Accounts Payable Division.* It shall be the responsibility of the Accounts Payable Supervisor to develop and implement procedures, in accordance with the Local Government Prompt Payment Act, for the following:
1. calculating payment due dates
 2. providing for prompt payment of all invoices within 45 days of the calculated payment due date for non-construction services and according to Sections 218.735 and 218.74, Florida Statutes for construction services;
 3. providing for the vendor payment processing procedures required to be followed by all departments;
 4. notifying management of the development of any controversies that might constitute a Dispute.
- D. *Budget & Finance Department, Internal Control Division.* It shall be the responsibility of the *Internal Control Manager* to develop and implement all policies and procedures to monitor that the City is in compliance with these policies and procedures, in accordance with the Local Government Prompt Payment Act.
- E. The Requisitioning Department management and the Finance Director are responsible to make the necessary arrangements for the dispute resolution process in compliance with the Prompt Payment Act and this Prompt Payment Policy.

Eligibility

This policy applies to all invoices or payment requests for goods and services provided to General Government departments of the City of Gainesville.

Compliance

This policy is in accordance with the Local Government Prompt Payment Act, Part VII of Chapter 218, Florida Statutes.

Effective Date

The Prompt Payment Policy is effective March 1, 2019.

Procedure(s) Associated with this Policy

Receipt of Payment Request or Invoice

All payment requests or invoices shall be date-stamped on the date it is first delivered into the hands of an agent, employee, facility or office designated in the contract, agreement or purchase order.

Requirements of a Proper Invoice

The requirements of a proper invoice ("Proper Invoice") shall be set forth in the agreement or contract governing the purchase, and the General Terms and Conditions for City Purchase Orders. However, no invoice shall be considered a Proper Invoice unless the invoice is an original invoice, is delivered to the City in accordance with the contract agreement or purchase order, and includes the following information (as applicable):

1. Invoice date
2. Invoice Number
3. City of Gainesville Purchase Order number
4. Billed to **City of Gainesville** (required), and requesting department (optional)
5. Description of the goods or services or property provided to the City
6. Part or item number for each item or part delivered
7. Location and date of delivery of the goods or services or property to the City
8. Quantity of the goods or services or property provided to the City
9. Unit price of the goods or services or property provided to the City
10. Extended total price of the goods or services or property provided to the City;
11. All applicable charges and discounts, as quoted
12. No sales tax is included

Vendors shall be notified within ten (10) days of the receipt of an improper invoice as to the corrective action needed to make a Proper Invoice.

Timeline of Payment for Construction and Non-Construction Services

Payment of a Proper Invoice shall be in the following manner:

1. Construction Services – payment of a Proper Invoice in connection with Construction Services, as defined by Section 218.72(2), Florida Statutes, shall be paid pursuant to Sections 218.735 and 218.74, Florida Statutes.
2. Non-Construction Goods and Services – pursuant to 218.74, Florida Statutes, payment of a Proper Invoice in connection with Non-Construction Goods and Services shall be made within forty-five (45) days from the date a Proper Invoice is received.

Dispute Resolution Procedure

The following dispute resolution procedure will be included in any purchase order agreement:

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If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, either party may, by giving written notice, refer the dispute to a meeting of appropriate higher management, to be held within 20 business days after giving of notice. If the dispute is not resolved within 30 business days after giving notice, or such later date as may be mutually agreed, the Parties will submit the dispute to mediation. The Parties shall mutually agree to the mediator and the costs of the mediator will be born equally by both parties. The venue for mediation and any subsequent litigation shall be in Alachua County, Florida.

Interest Due

Any payments not made by the due date specified herein bear interest from 30 days after the due date at the rate of 1 percent per month on the unpaid balance. The vendor must invoice the City in order to receive the interest payment. Any overdue period of less than 1 month is considered as 1 month in computing interest. Unpaid interest is compounded monthly.

Required Documentation

General Terms and Conditions

Approver and Review Details

Approval and Review	Title	Signature and Date
Approval Authority and Date	Finance Director	 2/27/19
Administrator	Procurement Manager	
Next Review Date	February 27, 2020	

Approval and Amendment History	Details
Original Approval Authority and Date	Finance Director & Procurement Manager February 27, 2019
Amendment Authority and Date	
Notes	