Transaction Date & Prompt Payment Reference Guide Includes BOMS Date Fields

"Prompt Payment" is the terminology used to describe the statutory requirement that state agencies pay obligations of the state within a period of 40 calendar days from the date the obligation is eligible for payment. (For health care providers the time-frame is 35 calendar days.)

The 40 day compliance period is broken down as follows, 20 days for the agency to submit a payment to the Department of Financial Services (DFS) for processing, and 20 days for DFS to review and issue a payment. The agency is considered **out of compliance** if an invoice is not submitted to DFS within 20 days. In addition, interest may be owned to the vendor if the warrant (check) is not issued within 40 days.

The primary statute that mandates prompt payment is s. 215.422, F.S. This guide is intended to assist in understanding the statute governing prompt payment. The Transaction Date (TRN-DT) is the FLAIR term for the start date (payment eligibility date) to determine the compliance of each invoice presented to the state for payment (20 days from TRN-DT) and determining whether any interest is owed to the vendor if 40 days passes without payment.

Determining Transaction Date (TRN-DT) for Goods and Services

The task for the agency is to correctly determine the TRN-DT on each obligation. Other than pre-payments in limited circumstances, in order for an obligation to be eligible for payment the agency must have:

- 1) received an accurate invoice from the vendor;¹
- 2) received the goods or services;
- 3) inspected and approved the goods or services (not more than 5 working days from receipt of goods and services); and
- 4) established that the vendor has a verified Substitute Form W-9** on file with the Department of Financial Services (DFS) (for most vendors)

**Note: A verified Substitute Form W-9 is the vendor's electronic registration and verification of their taxpayer identification number (TIN) via the <u>DFS Vendor website</u>.

For goods and services, when processing an invoice/obligation for payment, traditionally a three-date stamp has been used to determine TRN-DT.

Date Invoice Rec'd		
Date Goods Servic	es/Rec'd	
Date Goods Inspec	ted/Appv'd	
Date W9	Verified	

The TRN-DT date was previously determined as

the latter of three dates (1, 2, & 3 above). However, as of March 5, 2012, a 4th date may be considered, that is, the verified Substitute Form W-9 date. If the verified Substitute W-9 date occurs after the invoice received, goods received, and goods approved dates, the TRN-DT is deemed to be the W-9 verified date.

1. For the purposes of determining the receipt of invoice date, the agency or the judicial branch is deemed to receive an invoice on the date on which a proper invoice is first received at the place designated by the agency or the judicial branch.(s.215.422, F.S.).

As required by s. 215.422, F.S., "the agency must record these key dates on each obligation," and as required by DFS Memo No. 38 dated February 24, 2012, "if a vendor submits an invoice for payment and does not have a verified W-9 on file, the agency should document the error and indicate on the invoice the date the W-9 was verified. Agencies may use the W-9 update field [in FLAIR] to determine when the W-9 was verified."

The person processing the payment in FLAIR will review the three-date stamp to determine the TRN-DT. The TRN-DT should be **the latter of the three dates**. The TRN-DT is then manually entered into FLAIR as a required data element when processing the obligation/invoice in FLAIR. The TRN-DT entered in FLAIR starts the prompt payment compliance "clock."

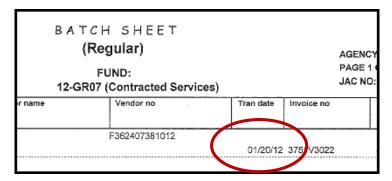
Transaction Date for Goods & Services (Non-Travel Payments) & BOMS

BOMS will calculate the transaction date automatically from the three date fields entered on the BOMS invoice screen and insert the calculated date as the TRN-DT (Tran Date) on the Batch Sheet.



The three key date fields (invoice received date, goods received date, [goods] approval date) must **not be left blank** when entering invoice information in BOMS. **The W-9 verified date is not entered into BOMS as of the writing of this memo**, but may be considered for the Tran date/TRN-DT if it is later than the other dates.

The transaction date for the invoice example above should be 1/20/2012 because it is the latter of the dates on the invoice date stamp. When the batch was created for this item, the batch sheet recorded the correct Tran date/TRN-DT. See the example below.

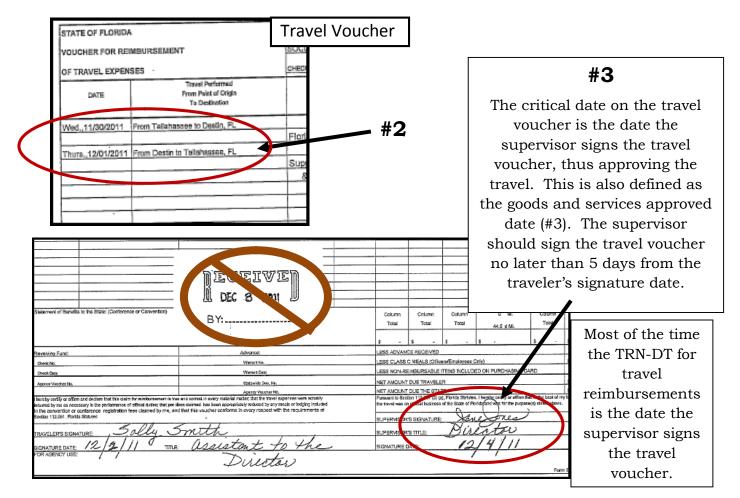


Please note that the TRN-DT may be changed to the W-9 verified date when entering the invoice/payment into FLAIR if the W-9 verified date is later than the other three dates.

Determining Transaction Date for Travel Reimbursements

Travel reimbursements to all travelers should be handled in accordance with s. 215.422, F.S., regarding prompt payment. Travel reimbursements must also be presented to DFS within 20 days of the TRN-DT. Travelers who do not receive travel expense reimbursements within 40 days of the TRN-DT may be eligible for interest penalty payments. Other than travel pre-payments in limited circumstances a traveler must submit an accurate State of Florida Voucher for Reimbursement of Travel Expenses (travel voucher) with supporting documentation to the agency. The dates considered on the travel voucher related to prompt payment are:

- 1) invoice received date: the date the travel voucher is received by the traveler's supervisor (not necessarily indicated on the travel voucher)
- 2) goods and services received date: the final date traveled as indicated on the travel voucher; and
- 3) goods or services approved date: the date the traveler's supervisor signs the travel voucher (not more than 5 days from when the traveler signs the travel voucher)



Transaction Date for Travel Reimbursement Vouchers & BOMS

The task for the agency is to determine the TRN-DT from the dates on the travel voucher. The dates to consider are: 1) invoice received date: the date the travel voucher is received by the traveler's supervisor; 2) goods received date: the final travel date on the travel voucher; and 3) goods approved date: the date the traveler's supervisor signs the travel voucher. The dates found on the travel voucher are entered into BOMS as shown below:

STATE OF FLORIDA	Â	TRAVELER	Travel Voucher				AGENCY			
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incurred by me as nece	assary in the performance of official duties; that per o conference registration fees claimed by the, an	Sen claimed has been appn	opriately reduced by any meals or lodging included ms in every respect with the requirements of		the travel was o	n official business	of the State of Pi	urida and was t	or the purpose	e(s) stated
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The Tran Date/TRN-DT for the travel voucher on page 4 should be: 12/04/11 because that is the date the traveler's supervisor signed the travel voucher. BOMS will automatically record 12/04/11 as the Tran date. See batch sheet example below.

ORG: Justice Administrative Commission ORG CD: 21 30 00 00 000			nission	BATCH SHEET (Travel Reimbursement)			
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County	Object	Amount	Vendor total	Vendor name	Vendor no	Tran date	
			\$184.05	Sally Smith	E123456789	12/04/2011	
000	261200	\$55.00					
000	261300	\$129.05					

Sources of Information Related to Prompt Payment and Transaction Date (TRN-DT)

The information contained in this document was compiled from several sources: Florida Statutes, Department of Financial Services/Comptroller's Memoranda, and the Department of Financial Services/Agency Addressed Memoranda. Excerpts from the documents and links to the full text of each are found below.

Excerpt from the "Prompt Payment Statute" s. 215.422, F.S.

Payments, warrants, and invoices; processing time limits; dispute resolution; agency or judicial branch compliance. As stated in ss. 215.422(1); (3)(a); (3)(b); and (11):

(1) "An invoice submitted to an agency of the state or the judicial branch, required by law to be filed with the Chief Financial Officer, shall be recorded in the financial systems of the state, approved for payment by the agency or the judicial branch, and filed with the Chief Financial Officer not later than 20 days after receipt of the invoice and receipt, inspection, and approval of the goods or services, Approval and inspection of goods or services shall take no longer than 5 working days unless the bid specifications, purchase order, or contract specifies otherwise. For the purposes of determining the receipt of invoice date, the agency or the judicial branch is deemed to receive an invoice on the date on which a proper invoice is first received at the place designated by the agency or the judicial branch. The agency or the judicial branch is deemed to receive an invoice on the date of the invoice if the agency or the judicial branch has failed to annotate the invoice with the date of receipt at the time the agency or the judicial branch actually received the invoice or failed at the time the order is placed or contract made to designate a specific location to which the invoice must be delivered." 3(a) "Each agency of the state or the judicial branch which is required by law to file invoices with the Chief Financial Officer shall keep a record of the date of receipt of the invoice; dates of receipt, inspection, and approval of the goods or services; date of filing of the approved invoice; and date of issuance of the warrant in payment thereof.

3(b) "If a warrant in payment of an invoice is not issued within 40 days after receipt of the invoice and receipt, inspection, and approval of the goods and services, the agency or judicial branch shall pay to the vendor, in addition to the amount of the invoice, interest at a rate as established pursuant to s. 55.03(1) on the unpaid balance from the expiration of such 40-day period until such time as the warrant is issued to the vendor."

(11) "Travel and other reimbursements to state officers and employees must be the same as payments to vendors under this section, except payment of Class C travel subsistence."

(13) "Notwithstanding the provisions of subsections (3) and (12), in order to alleviate any hardship that may be caused to a health care provider as a result of delay in receiving reimbursement for services, any payment or payments for hospital, medical, or other health care services which are to be reimbursed by a state agency or the judicial branch, either directly or indirectly, shall be made to the health care provider not more than 35 days from the date eligibility for payment of such claim is determined."

Excerpt from Comptroller's Memorandum #3 – October 22, 1999

SUBJECT :COMPLIANCE WITH s. 215.422, F.S.

"During our review of agencies' invoices, we noted some inconsistencies with the invoice transaction date recorded in FLAIR. As a reminder, the latest of the following three dates should be used as the transaction date: (1) the date the invoice was received at the location designated on the purchase order or contract; (2) the date the goods and/or services were received; or (3) the date the goods and/or services were inspected and approved. In situations where these three dates are not on an invoice, we will use the invoice date as the beginning date for calculating interest due vendors under s. 215.422, F.S."

Excerpt from Agency Addressed Memorandum #38 – February 24, 2012

SUBJECT: FLAIR EDITS REQUIRING A SUBSTITUTE FORM W-9

"The Department of Financial Services (DFS) will implement edits in FLAIR on March 5, 2012, to prevent an encumbrance, payable, or disbursement transaction for any vendor that does not have a verified Substitute Form W-9 on file with DFS.....Section 215.422(3)(b), Florida Statutes, states that the nonsubmittal of the appropriate federal taxpayer identification documentation to the Department of Financial Services by the vendor will be deemed an error on the part of the vendor, and the vendor will be required to submit the appropriate federal taxpayer documentation in order to remedy the error. Therefore, if a vendor submits an invoice for payment and does not have a verified W-9 on file, the agency should document the error and indicate on the invoice the date the W-9 was verified in FLAIR. This may affect the transaction date entered in FLAIR when processing the invoice. Agencies may use the W-9 Update Date field to determine when the W-9 was verified."

Excerpt From CFO Memo #01 – August 6, 2013

SUBJECT: PROMPT PAYMENT COMPLIANCE AND INTEREST PENALTY MONITORING

"Section 215.422, F.S., outlines the processing time limits for invoice approval (prompt payment). Agencies must submit invoices for payment not later than 20 days after receipt of the invoice and receipt, inspection, an approval of the goods or services."

For questions regarding Transaction Date please contact: Vicki Nichols, Director of Accounting or Dina Kamen, Deputy Director of Accounting.