



Prompt Payment

No. 3260

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Affected Parties:
Faculty
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1.0 Purpose

This policy outlines the guidelines and procedures to follow to achieve compliance with the [Virginia Prompt Payment Act](#).

2.0 Policy

1. The Prompt Payment Act requires that payment be remitted to vendors within 30 days of:
 - a. the receipt of the vendor's invoice, or
 - b. the receipt of the purchased goods or services, whichever is later.
2. Most payments to outside vendors are covered by the Act. However, some vendor payments (such as subscriptions, honorariums, memberships, and postage) are not covered by the Act. For invoices received by departments, the department should forward the invoice to the Controller's Office at least **10 working days** (two weeks) before the due date for the Controller's Office to process. Departments should perform receiving in HokieMart immediately after receipt of the goods or services.
 - For vendor payments made by check, the postmark date shall be deemed the payment date
 - For vendor payments made using electronic payments, the bank settlement date is deemed the payment date. That is the date the funds are deposited in the vendor's bank account and are available for their use.
 - Invoices that have weekend or holiday due dates are paid on the last business day prior to that weekend or holiday.
3. Sometimes disputes occur concerning the purchase of goods and services. When a dispute occurs, the 30-day time period does not start until the dispute is resolved. Thus, it is very important that the date that the dispute was resolved is appropriately documented so that the Controller's Office can compute the due date as 30 days from the dispute settlement date. The disputes can be either: a) a disagreement concerning the quality or appropriateness of the received goods or services, or b) damaged or inoperative goods. When a dispute occurs, the actions should be documented on the invoice for audit review. If the vendor invoice is received directly by the department, an explanation and the resolution date should be noted on the invoice. If the invoice is received centrally in the Controller's Office, then the explanation and resolution date should be documented on the receiving report in the HokieMart.
4. When an error occurs on a vendor invoice, prompt pay due date computations should be made from the date the invoice is satisfactorily corrected.

The State Corporation Commission (SCC) rules that utility payments supersede the prompt payment guidelines. The SCC rules require payment of utility invoices within 20 days from



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the date the invoice is prepared. This rule conflicts with the prompt pay rule for making payments 30 days after the receipt of the invoice. In some cases, the SCC rule reduces the time available for making payment by as many as 18 days. If payments are not received by the due dates, the utility company automatically adds the late charges to the account. When paying a utility invoice, prepare the HokieMart purchase request immediately upon receipt of the invoice and send the invoice to the Controller's Office.

4. Registration Prepayments - Prepayments for conference or meeting registrations should be entered in HokieMart ensuring the "Notify AP-Prepayment" box is checked. The supporting documentation should be electronically attached to the HokieMart requisition. These invoices will be paid by the Controller's Office upon notification by HokieMart. Do not attach any documents with Personal Identifying Information (PII). Documents with PII should be delivered by campus mail.
5. University policy prohibits the payment of late charges, which when calculated according to state guidelines, total less than \$1.00.

3.0 Procedures

The following procedures should be performed for each purchase and payment.

1. Complete receiving in HokieMart AND record the date of receipt of the goods or services on the electronic HokieMart receipt. Optionally, additional documentation related to the receipt of goods or services, such as packing slips or bills of lading can be attached to the HokieMart receipt.
2. Date stamp the vendor's invoice on the day it is received (if invoice is mailed to the department).
3. If the invoice is received centrally by the Controller's Office, it will receive a date stamp by the Controller's Office on the day it is received.
4. If the vendor's invoice is not stamped when received by the department, Accounts Payable staff will assume that the invoice was received about two days after the date appearing on the invoice.
5. If the payment terms are NOT 30 days, use the alternative terms in computing the due date to insert on the payment document. Be sure to document the reason the due date is different from the standard 30 days.
6. Process invoices for payment on a **daily** basis. Adopt a policy of processing all payments and complete receiving as soon as received. This is the key part of compliance with prompt pay.
7. When received merchandise is not placed in service or checked immediately upon receipt, the proper receiving date to use for prompt pay purposes is still the date the goods are received. The best practice is to check merchandise immediately upon receipt.
Alternatively, arrange for delayed payment terms with the vendor when immediate check-out of the merchandise is not possible. The Procurement Department can provide standard wording for purchases that need delayed payment terms.
8. If an invoice for interest charges for a late payment is received, contact the Controller's Office concerning processing procedures. The interest charges will be reviewed to determine if they are appropriate before making a payment. Late charges are charged to the account that originally paid for the goods or services.

4.0 Definitions



5.0 References

Code of Virginia, §§ 2.2-4347 through 4356, "Virginia Public Procurement Act."
<https://law.lis.virginia.gov/vacode/title2.2/chapter43/>

Virginia Prompt Payment Act
<https://law.lis.virginia.gov/vacode/title2.2/chapter43/section2.2-4350/>

6.0 Approval and Revisions

- Revision 0
Approved March 3, 1989 by the Manager of Accounting Services, Larry D. Lawrence.

Reviewed March 20, 1990. No changes.
- Revision 1
Entire document reviewed and revised by the Controller's Office.
Approved October 30, 1995, by Manager of Accounting Services, Larry D. Lawrence.
- Revision 2
February 2, 1999: Policy renumbered to 3260 from 3200 to avoid numbering conflict.
- Revision 3
Entire document reviewed and revised by the Controller's Office to reflect implementation of HokieMart.
Approved July 17, 2009 by Vice President for Finance and Chief Financial Officer, M. Dwight Shelton, Jr.
- Revision 4
Minor wording changes and prohibition of including PII in electronic attachments in HokieMart.
Change of the Purchasing department name to Procurement.
Approved June 17, 2016 by Vice President for Finance and Chief Financial Officer, M. Dwight Shelton, Jr.
- Revision 5
Technical updates to links.
Approved September 23, 2022 by Vice President for Policy and Governance, Kim O'Rourke.