

ACCOUNTING SYSTEM/PROMPT PAYMENT

FILE: DIA

TITLE: Timely Settlement of District Liabilities

POLICY:

Each principal or other person in charge of district funds used for external procurement of goods or services shall be responsible for compliance with standardized receiving procedures and shall ensure that payment for all purchases are made in a timely manner.

- (1) The superintendent or designee shall do the following:
 - (a) Adopt by formal action the requirements for a proper invoice;
 - (b) Inform OCPS vendors of the district's requirements for a proper invoice as defined in this policy;
 - (c) Ensure prompt payment of proper invoices for non-construction services within 45 days of the payment due date which is the date they are stamped as having been received by the chief disbursement officer who, for the purposes of this policy, is the director of Accounts Payable.
 - (d) Ensure prompt payment of proper invoices for construction services within 20 business days of the date the invoice is stamped as being delivered to an agent, employee or facility of the Orange County Public Schools.
 - (e) Notify vendors within 10 days of the receipt of improper invoices as to what corrective action is needed to make invoices proper;
 - (f) When proper invoices are not received for specific reasons (e.g., contract provides dates of payments or partial deliveries, rental property, etc.), the establishment of procedures for calculating payment due dates according to the Prompt Payment Act, with prompt payment being made within 45 days of these calculated dates for non-construction services and 20 business days for construction services.
 - (g) Establish procedures whereby,
 - (i) Each invoice shall be date stamped on the date it is first delivered into the hands of an agent or employee or to an office or facility of Orange County Public Schools; and
 - (ii) All invoices and/or other documents required for prompt payment shall be date stamped upon their receipt by OCPS Accounts Payable Department for the purposes of calculating payment due dates;
 - (h) Establish a process for the timely resolution of disputes on payment obligations;
 - (i) Ensure 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 receipt of federal funds or federal approval of any contract and any solicitation to bid shall clearly state such contingency;

(2) Definitions

For the purposes of this policy, the following terms shall be defined:

- (a) Construction Services - all services performed in connection with the construction, alteration, repair, demolition, reconstruction, or any other improvements to real property that requires a license as a construction contractor or electrical or alarm system contractor under parts I and II of Chapter 489, F.S.
- (b) Date stamp - a visible indication which shall be placed on (by using a date stamp or other markings) the following:
 - (i) All invoices indicating the date said invoices are first delivered into the hands of an agent or employee of Orange County Public Schools or to a facility or office of Orange County Public Schools; and
 - (ii) On all invoices and other documents required for prompt payment indicating the date said documents are received by the OCPS Accounts Payable department. The date so stamped shall be the date on which the invoice and/or other document is received.
 - 1. Dispute resolution process - procedures for the resolving of a controversy that might arise between a vendor and Orange County Public Schools related to the promptness of payment of a proper invoice by Orange County Public Schools, which shall be resolved by the Chief Financial Officer in compliance with the guidelines specified in the Prompt Payment Act.
 - 2. Improper invoice - any invoice or payment request which is received by the Accounts Payable Department which does not conform to this policy's definition of a "proper invoice."
 - 3. Non Construction Services - services performed that do not require a license as a construction contractor or electrical or alarm system contractor under parts I and II of chapter 489, F.S.
 - 4. Payment due date - a date of payment to be calculated according to the Florida Prompt Payment Act by the Accounts Payable Department, which will be within 45 days for non-construction services or 20 business days for construction services of one of the following:

- a. the date of receipt by the Accounts Payable Department of a proper invoice;
- b. the date the invoice for construction services is first delivered into the hands of an agent or employee or to an office or facility of Orange County Public Schools.
- c. If invoicing or request for payment is not required, it will be based on one of the following:
 - i. Date on which delivery of personal property is accepted by a school or department; b) date on which services are completed; c) date agreed to by contract between Orange County Public Schools and the vendor, whichever date is latest.
 - ii. Proper invoice - Any invoice or payment request which is received by the Accounts Payable Department which conforms to the required criteria established in this policy. The requirements for a proper invoice are that an invoice shall be, as follows:
 - 1) In compliance with the terms of the purchase order, agreement, or contract governing the purchase of the particular goods or services;
 - 2) original invoice;
 - 3) delivered to Orange County Public Schools in accordance with the purchase order, agreement, or contract; 4) received by the Accounts Payable Department, and shall contain the following information:
 - the name of the vendor;
 - the date of preparation;
 - The number of the invoice to facilitate identification;
 - the authorizing OCPS purchase order number

which shall correlate to Orange County Public Schools purchase order with which the purchase was made, and respective receiving reports;

- the vendor's federal identification number (if the number is not already on file; f) an accurate description of the goods or services;
- the correct quantity, unit price, and total cost of goods or services delivered; h) any applicable discounts;
- the location and date of delivery of the goods or services to Orange County Public Schools (if applicable);
- the address to which the payment should be mailed (if not already on file).
- Prompt Payment - means payment of proper invoices made within 45 days for non-construction services and 20 business days for construction services of the payment due date as calculated by the Accounts Payable Department according to the Florida Prompt Payment Act.
- Purchases - means the purchase of goods or services, or the lease of real property by Orange County Public Schools.
- Vendor - any person, who sells goods or services, or leases real property to a local governmental entity.

(3) Departmental Responsibilities

(a) Procurement Services and Contract Administration - It shall be the responsibility of the Purchasing and Contracts Administration to develop and implement policies and procedures for the following:

- (i) Making all departments aware of the established purchasing policies and procedures;
- (ii) Informing all vendors with which OCPS does business of the OCPS procurement procedures and requirements necessary for authorized purchases;
- (iii) Providing that no purchase order or contract entered into by OCPS and a vendor violates the Prompt Payment Act;
- (iv) Providing that purchase orders and contracts clearly specify requirements for submitting a proper invoice as defined in this policy;
- (v) Providing that purchase orders and contracts clearly specify what are the OCPS prompt payment dispute resolution procedures, as provided for in this policy.

(b) Accounts Payable

It shall be the responsibility of Accounts Payable to develop and implement procedures, in accordance with the Florida Prompt Payment Act, for the following:

- (i) Making available to vendors with which OCPS does business the specific requirements for submitting a proper invoice for prompt payment;
- (ii) Notifying end-users or purchasing of blocked invoices for subsequent notification to vendors of improper invoices in writing within 10 days of receipt;
- (iii) Date-stamping of all invoices and other documents required for prompt payment;
- (iv) Calculating payment due dates;
- (v) Calculating payment due dates on purchases allowing for partial deliveries;
- (vi) Providing for prompt payment of all invoices within 45 days of the calculated payment due date for non-construction services and 20 business days for construction services;
- (vii) Providing for the vendor payment processing procedures required to be followed by all departments;
- (viii) Providing for and arbitrating the dispute resolution process in compliance with the Prompt Payment Act;
- (ix) Providing an annual report of information required by the Prompt Payment Act to the School Board during December;
- (x) Compliance with the requirements of the Prompt Payment Act not specifically delineated in this policy; and
- (xi) Exceptions to this policy.

(c) Legal Department

It shall be the responsibility of the School Board Attorney to develop and implement all policies and procedures related to contracts and invoices for legal services, in accordance with the Florida Prompt Payment Act, to include the following:

- (i) Administering all contracts which involve any provisions for legal services to OCPS;
 - (ii) Selecting all outside legal counsel who will be involved in the delivery of legal services to OCPS;
 - (iii) Ensuring the availability of funds, identification of account(s) to be charged, and encumbering funds so that they are available when needed;
 - (iv) Negotiating and executing all legal contracts entered into by OCPS;
 - (v) Receiving, reviewing, and processing all invoices and related documents and forwarding approved vouchers to the Accounts Payable Department;
 - (vi) Ensuring that legal services provided are in compliance with contract specifications; and
 - (vii) Closing out all legal contracts on behalf of OCPS.
- (d) All Departments - It shall be the responsibility of all departments to ensure compliance with established procure-to-pay policies and procedures to include the following:
- (i) Complying with OCPS' procurement policies and procedures;
 - (ii) Complying with OCPS' vendor payment processing procedures as provided for in this policy;
 - (iii) Informing their vendors of the specific requirements for submitting a proper invoice for prompt payment as defined in this policy;
 - (iv) Processing all on-line goods receipts immediately upon receipt of goods or services or forwarding all receiving reports to the Accounts Payable Department immediately after the receipt of the purchased goods or services; and
 - (v) Date stamping and immediately forwarding all invoices and contract pay requests and/or other documents required for prompt payment to the Accounts Payable Department;
 - (vi) Notify as soon as possible the vendor and the Accounts Payable Manager of the development of any controversies that might affect prompt payment;
 - (vii) Notifying the vendors of OCPS' prompt payment dispute resolution procedures when controversies that might affect prompt payment arise;
 - (viii) Complying with OCPS' prompt payment dispute resolution procedures as provided for in this policy; and
 - (ix) 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.

(4) Exceptions

Any exceptions or unusual circumstances not provided for in this policy must be documented and will be subject to review and approval by the Chief Financial Officer or his/her designee.

(5) Appendix A - Vendor Payment Processing Procedures

In order to facilitate compliance with the intent of this policy, the Vendor Payment Processing Procedures, which are Appendix A of this policy, should be strictly adhered to. Due to the nature of these procedures, they may be revised by the Chief Financial Officer or his/her designee when necessary.

(6) Appendix B - Prompt Payment Dispute Resolution Procedures

In order to facilitate compliance with the intent of this policy should a dispute occur between a vendor and OCPS concerning the payment of a proper invoice, the Prompt Payment Dispute Resolution Procedures are presented in Appendix B.

(7) Administering Department – Fiscal Services - Accounts Payable Department

Appendix A: Vendor Payment Processing Procedures

Appendix B: Prompt Payment Dispute Resolution Procedures

LAWS IMPLEMENTED:

Section 215.422; 55.03 Florida Statutes ; Florida Prompt Payment Act, Chapter 218.70, Florida Statutes.

ADOPTED: 11/17/08