

PAYMENT FUNDAMENTALS 2671
(May 2005)

BASIC REQUIREMENTS 2671.1
(May 2005)

Departments shall not process or release payment to any supplier for goods, without having in its possession all of the following:

- A properly authorized purchase document.
- Documentation verifying the goods were satisfactorily received.
- An accurate and correct supplier invoice.

REQUIRED PAYMENT DATE 2671.2
(May 2005)

Supplier payments are made in accordance with the provisions of the California Prompt Payment Act, [GC](#) section 927 et. seq. The Act requires departments (unless expressly exempted by statute) to pay properly submitted, undisputed invoices not more than 45 days after:

- The date of acceptance of goods or performance of services; or
- Receipt of an undisputed invoice, whichever is later.

During declared fire season CAL FIRE has an exemption that allows for an additional 30 days (except for certified small businesses).

[Click](#) here to access the Prompt Payment Program.

BREAKDOWN OF PAYMENT APPROVAL PROCESS TIME 2671.3
(May 2005)

Thirty (30) of the 45 calendar days allowed (or sixty (60) of the 75 calendar days during fire season) to pay invoices are allocated to the department's payment approval process. The remaining 15 calendar days are allocated to the State Controller's Office (SCO) claim audit and warrant generation process.

However, if the department elects to pay the invoice using the revolving fund process in order to take advantage of discounts or to avoid accruing late payment penalties, then the department can use the entire 45 (or 75) day period themselves.

ADMINISTRATIVE FEE/BILLING

2671.4

(No. 5 May 2008)

DGS/PD charges each department an administrative fee for use of most purchasing authority types (non-IT/IT) and categories (competitive bids, LPAs, NCB, etc.) based on the value of each purchase document.

In most cases, DGS/PD may bill a department directly or rely on the contractor to collect the fee. Individual LPA contracts will describe any administrative fees associated with using the contract and how the fee will be collected.

Currently the administrative fee for processing purchase documents and using leveraged procurements is 1.98 percent.

The administrative fee when using CAL-Card is waived unless a STD. 65 is used. The DGS administrative fee is also waived when a certified small business is used on a CMAS contract.

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DGS PRICE BOOK

2671.5

(May 2005)

DGS/PD publishes a price book and directory of services that provides a listing of the services provided and prices charged by DGS.

[Click](#) here to access the DGS Price Book and Directory of Services.

ASSESSING TAXES

2671.6

(May 2005)

The State does not pay federal taxes on purchases, only state sales tax and/or use tax. Taxes are assessed based upon where the products are physically received.

DGS/PD recommends that [purchasers](#) obtain a copy of the latest California Sales and Use Tax rate chart by county.

[Click](#) here to access the Board of Equalization web page.

CAL-CARD USAGE

2671.7

Refer to [Section 2677 – CAL-Card Purchase Card Program](#) for information regarding the State's CAL-Card Purchase Card Program.

[\(see next section\)](#)

(see HB Table of Contents)

(see Forms or Forms Samples)