

**PAYMENT OF INVOICES AND ADDITIONAL PAYMENT
AND INVOICE CONSIDERATIONS** **2674**
(May 2005)

PAYMENT OF INVOICES **2674.1**
(May 2005)

ACCURATE INVOICE **2674.1.1**
(May 2005)

Purchasers shall remind suppliers of the importance of submitting accurate and correct invoices to ensure timely payment for goods and services received. **Purchasers** must not pay for anything that is not in the purchase document (pallets, shipping, travel costs, etc.)

COMPONENTS OF AN ACCURATE INVOICE **2674.1.2**
(May 2005)

An accurate invoice provides the following:

- Agency Order Number ([STD. 65](#))
- Identifies in detail the goods acquired, quantities, unit price, extension, description, etc.
- Sales tax and/or use tax as a separate line item from goods
- Accurate billing address as stated on the purchase order or contract
- Supplier invoice number
- Supplier invoice date
- Company name and remittance address
- Payment terms offered

THE CLOCK STARTS TICKING **2674.1.3**
(May 2005)

A properly submitted invoice is:

- Submitted to the address as identified in the purchase document as “billed to” or “invoice submitted to” for payment.
- Provides all the necessary information as identified in the previous information block.
- Undisputed.

- To accurately measure and track payment timeliness, all invoices must be:
 - Date stamped or receipt date designated in ink on the front of the invoice (to accommodate photocopying) when first received at the “billed to” departmental location as identified in the purchase document.
 - Promptly forwarded to the purchaser if the invoice is received elsewhere in CAL FIRE. In CAL FIRE, invoices are date stamped upon first arrival in the department, even if received at other than the “bill to” address on the purchase document.

INVOICE DISPUTE NOTIFICATION (STD. 209)

2674.1.4

(May 2005)

Purchasers having a conflict or dispute with a submitted invoice shall immediately notify the supplier by phone and follow up in writing via an Invoice Dispute Notification (STD 209) within 15 working days. **Purchasers** and contract administrators must first consult with their Unit Finance and Administrative Officer to develop a plan of action for settling the dispute in a timely manner. If the Unit and the purchaser cannot settle the dispute, Region Finance should be notified. If the matter is still unsettled, Region Office or Headquarters Unit will contact DAO for advice.

Informal disputes using methods other than the STD. 209 are not recognized as legal disputes.

DISCOUNTS

2674.1.5

(May 2005)

Purchasers are encouraged to take advantage of prompt payment discounts on invoices when offered by suppliers. CCR, Title II, Section 1895.8 provides a state policy of not accepting discount offers of less than ½% or payment in less than 20 days. Cash discounts can only be taken when the department is able to pay within the number of days specified by the supplier.

Example

5% in 20 days

(This will be shown in the “Payment Terms” block on the STD. 65)

Note: Cash discounts offered by bidders for prompt payment of invoices are not to be considered in evaluating bids and offers to determine the purchase order award.

MAINTAIN A CLEAR SEPARATION OF DUTIES

2674.1.6

(May 2005)

CAL FIRE has departmental policies and procedures in place to ensure a clear separation of duties. Purchasers shall not be involved in approving invoices or making payments for goods that they procured.

ADDITIONAL PAYMENT AND INVOICE CONSIDERATIONS

2674.2

(May 2005)

TRAVEL PROVISIONS

2674.2.1

(May 2005)

All travel and per diem expenses must be in relation to official state business, within contract parameters and incorporated into the department's executed purchase document. Travel and per diem rates paid to contractors shall be set in accordance with the rates of the Department of Personnel Administration (DPA) for comparable classes or verification supplied that such rates are not available to the contractor.

It is important that the purchaser and contractor discuss necessary travel requirements prior to executing the purchase document because the detail and cost (only as allowed for in the contract) must be included in the purchase document to be payable.

Purchasers must verify that all travel and per diem expenses are authorized within LPA contract provisions.

Payments for travel and expenses of \$25.00 or more must be supported by receipts.

TMU AUDIT STAMP

2674.2.2

(No. 5 May 2008)

In accordance with SAM section 3851, 3852, and 8422.1, all freight bills must be audited by the TMU prior to being scheduled for SCO payment. If a freight bill doesn't bear TMU's audit stamp, the invoice will be removed from the claim schedule by SCO and returned to the department. CAL FIRE will then return the invoice to the purchaser for processing.

TMU's freight bill approval is not required for the following items:

- The amount of the freight bill is \$500.00 or less.
- The freight is included in the goods purchase and the freight bill amount matches that listed in the DGS/PD LPA.

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PURCHASE DOCUMENT AND INVOICE NAME MUST MATCH

2674.2.3

(No. 3 February 2006)

The supplier name as shown on the purchase document and the invoice must match or the State Controller's Office (SCO) will not approve payment. Do not process invoices if the supplier name varies between these documents.

NON-LPA SUPPLIER NAME DISCREPANCY

2674.2.4

(No. 3 February 2006)

Purchasers encountering a discrepancy in supplier name between purchase document and invoice shall dispute the invoice until such time as one of the following occurs:

- The invoice is corrected to match the purchase document.
- Process an amendment to the purchase document. This may, dependent upon the nature of the name change, require an Assignment Acknowledgement or a Contract Novation document to be incorporated within the amendment documentation.

CONTACT DAO

2674.2.5

(No. 3 February 2006)

Purchasers may contact **their Unit Finance who will contact DAO** for assistance in determining the proper documentation **needed to** effect a name change.

LPA SUPPLIER NAME DISCREPANCIES

2674.2.6

(No. 3 February 2006)

Purchasers encountering a discrepancy in contractor names when conducting LPA purchases shall immediately contact **their Region BSO (Sacramento Headquarters staff contact Business Services Sacramento)**. **They will contact DGS/PD** to verify whether or not the contractor has processed the appropriate documentation to effect the change in name.

Invoices shall be disputed until such time as the LPA contract has been updated with the name change via a DGS/PD issued supplement or amendment to the contract and the **purchaser** has in **their** possession an executed amendment to the purchase document.

DOCUMENTATION

(No. 3 February 2006)

2674.2.7

Documentation to support a name change (LPA supplement/amendment) must be retained in the procurement file regardless of purchasing authority type or category used.

NON LIQUIDATING INVOICE

(May 2005)

2674.3

Non-liquidating (NL) invoices refers to those transactions in which the funds have not been encumbered. Although many documents used by the department, including the [STD 65](#) and CAL-Card, are not encumbered, NL invoices are those processed using the vendor's invoice only and not requiring any other pay document.

Presently utilities which would include internet services, satellite services, cell phones, pager services, etc. are types of costs that are paid as NL's. Reasons given to support this type of transaction would be that the vendor is a mandated source for the service, the vendor does not bill for the service on an hourly basis and the rate or fee is pre-established and governed by statutory regulation.

REQUIREMENTS FOR NL INVOICES

(No. 2 September 2005)

2674.3.1

NL invoices must meet the following criteria:

- must be for \$99.99 or less;
- must be itemized;
- must be for current CAL FIRE charges;
- must be:
 - on printed letterhead,
 - have the name and address of the company
 - the vendor's signature, or name, signature, and Social Security Number of the vendor
- must be invoiced to CAL FIRE
- service provided is from a mandatory source vendor (no other vendor has the authority to perform the service or assess a fee for such service);
- rate or fee is pre-established either by the vendor or by statutory regulation and paid either as a one-time charge for the service, monthly, quarterly, semi-annually or annually;
- existing law permits the vendor to assess and collect such fees or change a given rate for the transaction;
- fee or rate is not directly associated with labor being performed by the vendor (not an hourly charge)

NOTE: If the invoice is directed to another department but upon review have been determined to be CAL FIRE charges, cross out the other agency name, write in “Department of Forestry and Fire Protection”, and process for payment. Invoices are often mistakenly addressed to the U.S. Department of Forestry but are for CAL FIRE charges.

NL invoices may not be used in the following situation:

- For repetitive purchases from the same vendor.
- When the purchase is tied to any other document (such as a STD. 65).
- When any type of prior approval is required.
- Freight invoices – If over \$50.00, they must also have all supporting documents attached (per SAM 3851).
- Personal damage claims – Government Code §19849.8 permits state agencies to reimburse employees for lost or damaged personal property if such items were required for the job (see Fiscal Management Handbook §3855).
- To split purchases.

PROCESSING OF NL INVOICES

2674.3.2

(May 2005)

- All payment documents have unique numbers for tracking purposes and for locating charges in AFAS and CALSTARS. To assign a document number, prepare an eight-digit alpha/numeric number as outlined in the Accounting Procedures Handbook §3762.3.1.

The following items are required on NL invoices, whether using a Posting Tag (AO-225) or noting on the document itself:

- CALSTARS coding;
- Vendor number;
- Document number (NL number as noted above).

The DAO recommends that the invoice also have the date and signature of person authorizing payment.

(see next section)

(see HB Table of Contents)

(see Forms or Forms Samples)