

**CALIFORNIA PROMPT PAYMENT PROGRAM**  
(May 2005)

**2676**

Departments are expected to adhere to the following provisions of the California Prompt Payment Act:

Provision	Description
1	State departments are required to pay properly submitted undisputed supplier invoices within 45 calendar days of receipt. (30 days for CAL FIRE and 15 days for SCO see below) During declared fire season CAL FIRE has an additional 30 days (except for small businesses) to pay properly submitted invoices. Refer to GC 927.11 for legal reference.
2	A purchaser may dispute an invoice submitted by the contractor for reasonable cause if the purchaser notifies the contractor within 15 working days from receipt of the invoice or delivery of the property whichever is later.
3	DAO has 30 calendar days to file a claim schedule with the State Controller's Office (SCO) or process a payment within 45 days if paying by Revolving Fund (RF). During declared fire season CAL FIRE has an additional 30 days.
4	The SCO has 15 calendar days to issue a warrant.
5	Interest penalties begin accruing on the 46 <sup>th</sup> or (76 <sup>th</sup> during fire season, except for small businesses) calendar day following receipt of an undisputed invoice.
6	Interest penalties for businesses are 1% above the Pooled Money Investment Account rate from the prior year.
7	Interest penalties for small businesses are .25% per calendar day.
8	For non-small businesses, if the amount of the penalty is seventy-five dollars (\$75.00) or less, the penalty shall be waived and not paid by the department.
9	Departments are required to pay qualifying interest penalties automatically without the need for businesses to request them. Interest penalties stop accruing the day a warrant is issued.

## CAL FIRE PROCEDURES

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CAL FIRE does not actually pay the vendor/contractor as some purchasers believe. The actual payment (in the form of a state warrant) is issued by SCO. A successful payment is dependent upon the purchaser's following all procurement rules and regulations and having all the necessary documents to support the purchase. In addition, a clear justification is required to indicate that the purchase has a valid state purpose.

A successful payment is also dependent on the timely processing of documents. CAL FIRE has 30 days to submit purchase documents to the SCO and an additional 30 days (except for certified small businesses) during declared fire season to avoid penalty payments. Timelines are allocated as follows:

	<u>Non Fire Season</u>	<u>Fire Season</u>
Unit	20 calendar days	40 calendar days
DAO	<u>10 calendar days</u>	<u>20 calendar days</u>
Total Days	30 days	60 days

## PROCEDURES FOR COMPLIANCE

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(May 2005)

Departments granted any type of purchasing authority are required to establish procedures in compliance with the provisions of the California Prompt Payment Act, GC 927, et. seq. CAL FIRE has established the above procedures for prompt payment of invoices. For additional information on payment procedures consult the Accounting Procedures Handbook [3600](#).

[Click](#) here to access and view additional information on the Prompt Payment Program.

[Click](#) here for Frequently Asked Questions (FAQs) regarding the Prompt Payment Program. Once you are on the Prompt Payment Program site choose Prompt Payment Tool Kit and scroll down to the FAQs.

## MONITORING PAYMENTS AND DATA COLLECTION

2676.3

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Departments must complete a Payment Data Worksheet (PDW) on a selected sample of purchasing transactions during a purchasing program compliance review. The PDW is used to calculate the extent of adherence to statutory and prompt payment policy requirements. In CAL FIRE, this Payment Data Worksheet is filled out and handled by DAO.

[Click](#) here to view the Payment Data Worksheet.

(see next section)

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(see Forms or Forms Samples)