

College of William and Mary

Prompt Payment

July 26, 2005

Little Theater

# Agenda

- Introduction
  - Management Standards
  - Restructuring
- Prompt Payment Act
  - Act Requirements
  - Definitions
  - Prompt Payment Compliance - Prior Years
- W&M Prompt Pay
  - Changes in Accounts Payable Office
  - Commonly Encounter Processing Problems
  - Departmental Prompt Pay Report
- Questions – Open Discussion

# Prompt Payment Act

Article 2.1 Code of Virginia

“State agencies and institutions are required to pay for all completely delivered goods and services by the required payment due date”

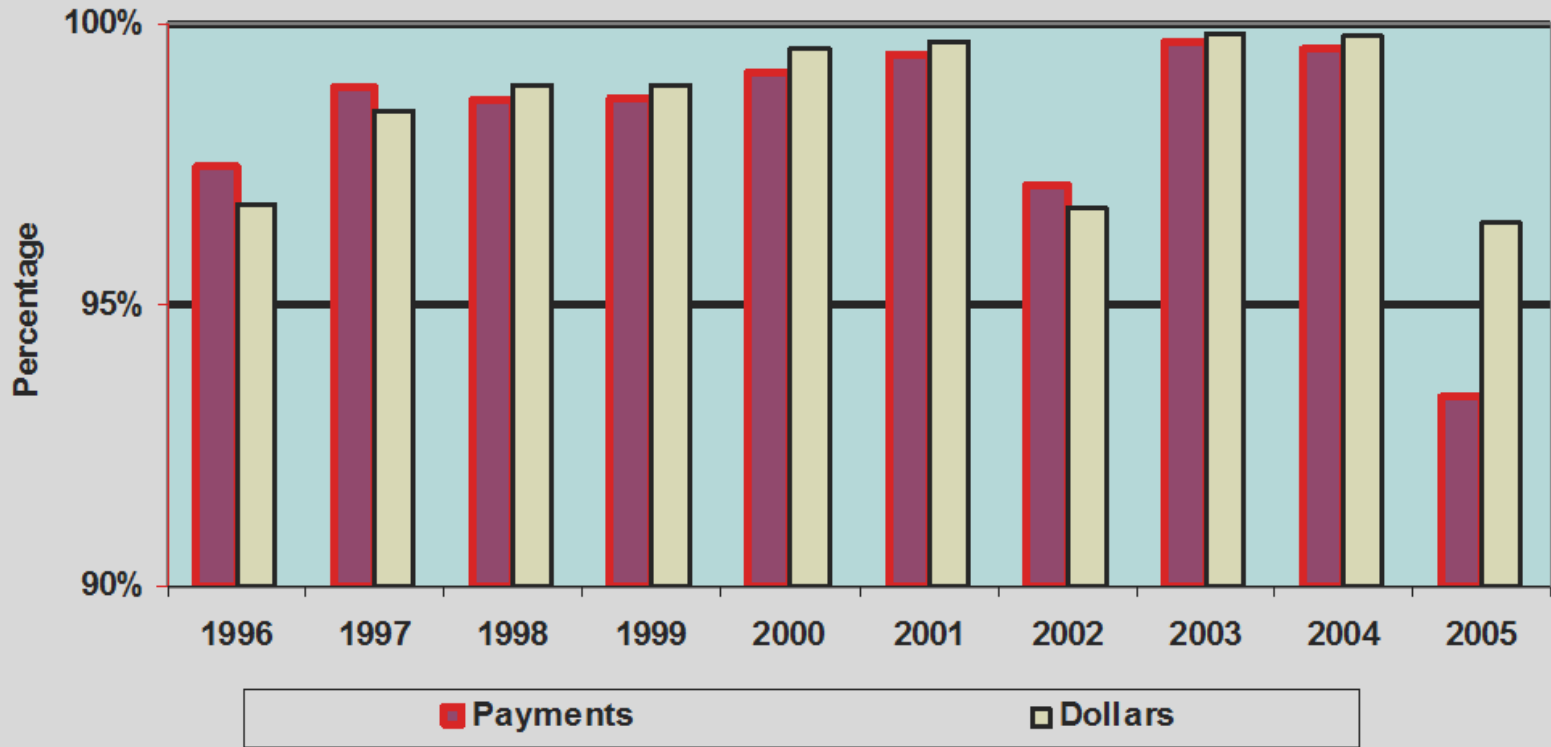
# Required Due Date

- Terms of Contract
- 30 Calendar Days
  - After Receipt of Good/Services
  - Receipt of Proper Invoice
  - Following Resolution of Dispute
- Certified copy of original invoice

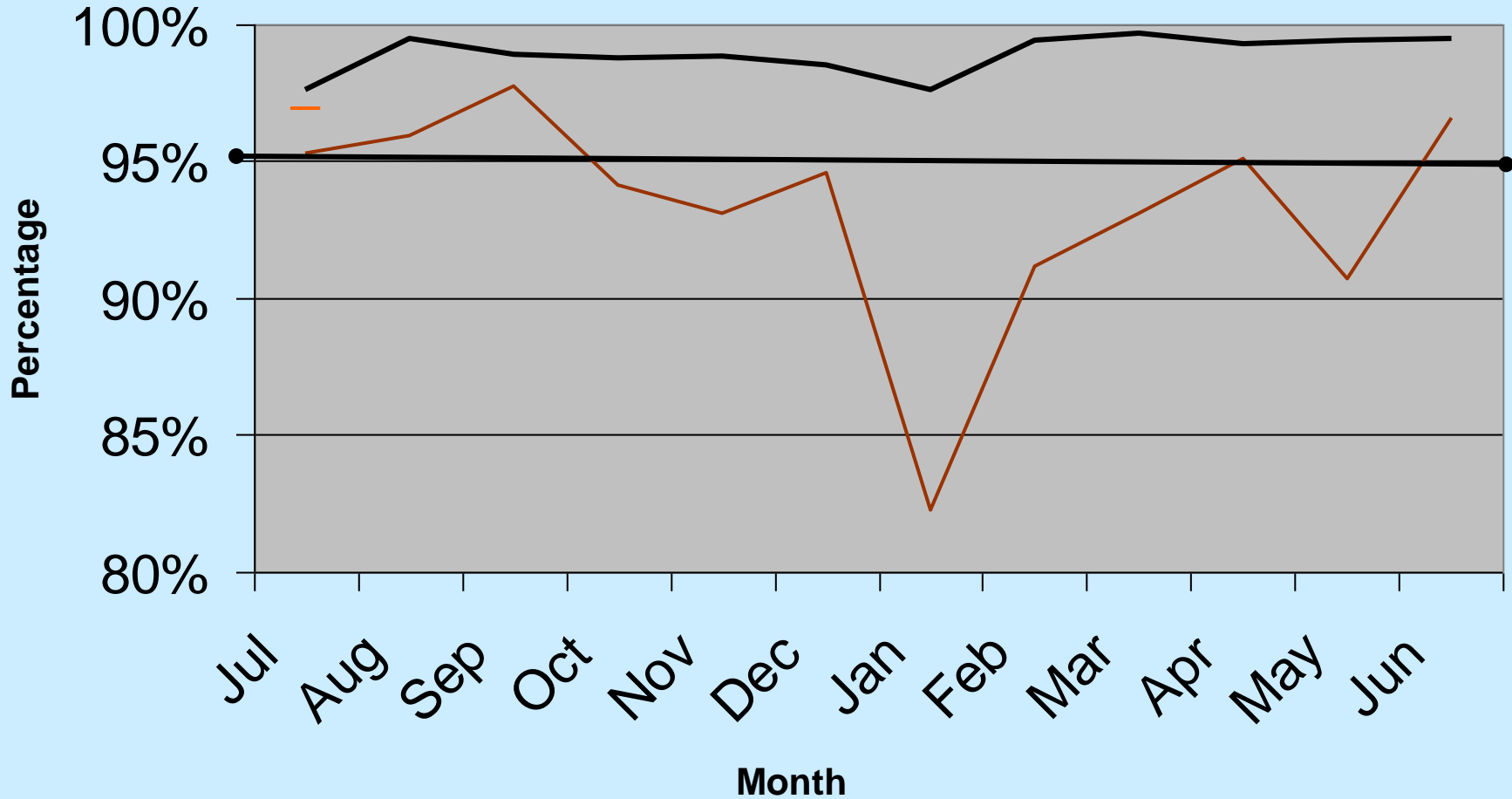
# General Requirements of the Act

- Applies to all non-governmental vendors
- Based on number of payments and amount of payments
- Receiving documentation required
- Each vendor invoice is considered a separate payment and must be due dated
- Defects and incorrect billings must be documented by the department
- Prepayments must be identified
- Noncompliance published quarterly

### 10 Year Prompt Payment Results



# Prompt Pay by Month



— 6 Yr AVG — FY2005 — FY2006

# Changes in Accounts Payable

- Banner and eVA
- Loss of key personnel
- Require overtime when needed
- Supplemental Staffing
- Reassigned duties among staff
- New processing procedures in Accounts Payable
  - Invoices are reviewed immediately upon receipt
  - Mail Center
- Collective effort to improve compliance

# Commonly Encountered Problems

Problems	Impact	Resolution
Vendor's invoice not annotated with receipt date	Using the vendor's invoice date shortens the 30 day prompt payment period	Departments must annotate vendor invoices with receipt date
Invoices held for dispute not documented	Without any indication of the problems, AP must use the vendor's invoice date or departmental receipt date	Departments must document Invoice and/or receiving problems and clearly indicate the date of resolution.
Vouchers received with multiple invoices	Delays AP processing, increases likelihood of keying errors	Departments must include only one invoice per voucher
No approving signature on voucher	AP must return invoice to department, creating processing delays	All vouchers must be signed before sending to AP
Vouchers received without correct PO#	AP must research prior to processing creating processing delays	Validate PO# prior to forwarding to AP

## Commonly Encountered Problems cont.

Problems	Impact	Resolution
Vouchers received without correct documentation	Vouchers must be sent back to dept.	Ensure proper backup is attached.
Endowment invoices being sent to A/P with wrong coversheet	Delays process	Ensure Endowment voucher is correctly processed
Vouchers received in AP without the vendor's ID numbers	AP must research prior to processing creating processing delays	Provide the vendors correct ID number on all vouchers.
Vouchers received in AP with insufficient processing lead time	Vouchers will be late	Vouchers should be submitted to AP within <u>one week</u> of their receipt

Financial Operations

Current Month Late Payment Detail							
Invoice#	Vendor#	Vendor-Name	Amount	Inv-Date	Due-Date	Ck-Date	Days-Late
1034700	930328948	EquiData Inc	2.70	5/22/2005	6/21/2005	6/23/2005	2

Departmental Payment Statistics

Month	-----Counts-----		-----Amounts-----		-Compliance-	
	Late	Total	Late	Total	Count	Amount
Jul	1	35	1,078.35	191,541.23	97.14%	99.44%
Aug	2	15	4,627.91	216,575.71	86.67%	97.86%
Sep	1	22	642.50	227,619.27	95.45%	99.72%
Oct	0	11	-	232,633.60	100.00%	100.00%
Nov	1	28	936.32	234,180.59	96.43%	99.60%
Dec	0	9	-	190,093.71	100.00%	100.00%
Jan	2	29	2,823.75	220,937.40	93.10%	98.72%
Feb	0	18	-	186,319.77	100.00%	100.00%
Mar	0	17	-	224,119.58	100.00%	100.00%
Apr	0	17	-	231,190.46	100.00%	100.00%
May	1	24	1,189.06	282,080.78	95.83%	99.58%
Jun	1	17	2.70	246,684.15	94.12%	100.00%
YTD	9	242	11,300.59	2,492,435.02	96.28%	99.55%