Approval of Vendor Invoices:

Background:

The State of California’s Prompt Payment Act requires the campus to make payments to vendors in a timely manner. When goods or services are ordered and received satisfactorily, the university has an obligation to pay the vendor promptly (within 30 days of receiving the invoice). When payments are delayed, the campus is subject to vendor penalties and interest assessments. In addition, late payments result in vendor calls, e-mails or faxed inquiries to Accounts Payable. This causes AP to research the invoice to determine the cause for the non-payment. In most cases, the reason is that the department that received the goods or services has not approved the invoice.

Policy:

The university has an obligation to pay its vendors in a timely way, in order to insure good working relationships and to maintain a professional image among the business community along with complying with State regulations. Late payments undermine our reputation and can result in the vendor placing a “credit hold” on all pending and future business with the university.

A vendor invoice is normally received in the Fiscal Services unit by our Document Control Specialist, who logs the invoice, scans it, and e-mails the invoice to the appropriate department for approval. The department approver should approve and return the invoice within 10 calendar days of receipt to the Document Control Specialist. If for some reason, there is a dispute regarding the merchandise or services, the reason for non-approval (or delayed approval) should be sent in writing (e-mail is acceptable) to Document Control. The department should also advise the vendor of the dispute or reason for non-payment. Written communication is the best practice; a copy of such correspondence should be forwarded to Document Control, so that it can be attached to the original invoice for future reference.

If a vendor invoice is sent directly to a department, the same timely approval requirement (10 calendar days) applies, as does the requirement to communicate with the vendor (and with Document Control) regarding disputes and delayed approval for payment.

In cases where invoice approval is delayed repeatedly, the Department Chair and/or Dean will be contacted to assist in resolving the situation.

Questions:
Should you have questions regarding this policy, please contact Wayne Kuhaupt, Disbursements Manager at x82367, or David Chelliah, Accounts Payable Supervisor at x53693.