

## CHAPTER 17 DISTRICT OF COLUMBIA PAYMENT TO VENDORS

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### 1700 GENERAL PROVISIONS

1700.1 This chapter shall prescribe policies and procedures to be followed by agencies in implementing the District of Columbia Government Quick Payment Act of 1984, D.C. Law 5-164, effective March 15, 1985 (the Act), D.C. Code §§1-1171 to 1-1176 (Supp. 1985).

1700.2 Pursuant to §3 of the Act, this chapter shall apply to any office, department, division, board, commission or other agency of the District other than an independent agency required either by law, the Mayor or the Council of the District of Columbia (Council) to administer any law or any rule adopted under the authority of a law.

1700.3 Agency heads shall have the following responsibilities:

- (a) To assure timely payments of proper invoices and the payment of interest for overdue payments;
- (b) To determine the causes for any interest penalties incurred for overdue payments; and
- (c) To take corrective or disciplinary actions to reduce interest penalties for overdue payments.

**AUTHORITY:** Unless otherwise noted, the authority for this chapter is the District of Columbia Quick Payment Act of 1984, D.C. Law 5-164, effective March 15, 1985, D.C. Code §§1-1171 to 1-1186 (Supp. 1985).

**SOURCE:** Final Rulemaking published at 35 DCR 8131 (November 18, 1988).

**1701 DESIGNATED PAYMENT OFFICERS**

1701.1 The primary certifying officer for each agency shall serve as the agency's designated payment officer.

1701.2 The designated payment officer shall be responsible for the following duties:

- (a) Designate the central receiving point for all invoices from business concerns;
- (b) Establish a system for recording the receipt of all invoices;
- (c) Determine whether invoices meet the criteria for proper invoices under §1704;
- (d) Notify a business concern in writing, as provided in §1705, of any defects or impropriety in invoices which would prevent payment of the invoice;
- (e) Determine the required payment date for all invoices that meet the requirements for payments; and
- (f) Calculate the penalties due on payments which are not made by the required payment date.

**SOURCE:** Final Rulemaking published at 35 DCR 8131 (November 18, 1988).

**1702 PAYMENT STANDARDS**

1702.1 Agencies shall make payments as close as possible to, but not later than, the required payment dates specified in §1707.

1702.2 Agencies shall mail or deliver checks to business concerns on or about the same day that the checks are dated.

1702.3 If an agency makes a payment by check, the payment shall be considered made on the date the payment check is dated.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8132 (November 18, 1988).

**1703 REQUIREMENTS FOR CONTRACTS**

1703.1 Any contract entered into after the effective date of this chapter shall contain the following:

- (a) Payment due date or dates;
- (b) Separate payment dates if a contract provides for partial payments for partial execution or deliveries;

- (c) A stated inspection period, where necessary, for acceptance of property or services;
- (d) Name (where practicable), title, telephone number, and complete address of the responsible official to whom payments are to be sent;
- (e) The business concern's DUNS number;
- (f) Purchase order or contract number;
- (g) Description of goods and services to be provided; and
- (h) Price and quantity of goods and services.

1703.3A contract for meat or meat food products, perishable agricultural commodities, or any other contract with a payment due date based on delivery, shall require that a proper invoice be submitted with each shipment. Supplies under these contracts shall not be deemed delivered until the later of the date of actual delivery or the date of receipt of a proper invoice.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8132 (November 18, 1988).

#### **1704 REQUIREMENTS FOR PROPER INVOICES**

1704.1 In order to constitute a proper invoice for payment, an invoice shall contain the following:

- (a) Name and remittance address of the business concern, and invoice number and date;
- (b) Contract number or purchase order or other authorization for delivery of goods or services;
- (c) Description, price and quantity of goods and services actually delivered or rendered;
- (d) Shipping and payment terms;
- (e) Vendor's DUNS number; and
- (f) Other substantiating documentation or information as required by contract.

1704.2 An agency may require a business concern to provide additional information which is helpful to the designated payment officer, but which is not essential. Failure of the business concern to provide this nonessential information with the invoice shall not render the invoice defective.

1704.3 Invoices shall be considered received by the designated payment officer on the date a proper invoice is actually received in the designated office, or the date the agency accepts the property or service, whichever is later.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8133 (November 18, 1988).

**1705NOTICE OF DEFECTS**

1705.1A designated payment officer shall notify a business concern in writing and within the time periods specified in this section when any error or defect in an invoice or in delivered goods, property or services, or other impropriety would prevent the running of the time periods in §1704.2.

1705.2Notices shall specify the error, defect, or impropriety and shall be suitably documented.

1705.3Notices shall be mailed within the following time periods:

- (a)Meat and meat food products - within three (3) calendar days after the delivery of the meat and meat food products;
- (b)Perishable agricultural commodities - within five (5) calendar days after the delivery of the perishable agricultural commodities; and
- (c)Other goods, property and services - within fifteen (15) calendar days after receipt of the invoice.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8133 (November 18, 1988).

**1706RECEIVING REPORTS**

1706.1Agency heads shall establish internal procedures to ensure that receipt and acceptance of goods and services are executed promptly.

1706.2Employees who receive goods and services shall complete receiving reports which shall contain the following information:

- (a)Contract or other authorization number;
- (b)Product or service description;
- (c)Quantities received, if applicable;
- (d)Date(s) property or service delivered; and
- (e)Signature, printed name, title, telephone number and address of receiving official.

1706.3Receiving reports shall be forwarded in time to be received by the designated payment officer by the following time periods:

- (a)Meat and meat food products - by the first (1st) business day after delivery;
- (b)Perishable agricultural commodities - by the first (1st) business day after delivery; and
- (c)Other goods, property or services - before the fifth (5th) business day after delivery.

1706.4 The designated payment officer shall stamp receiving reports and invoices with the date received in the designated payment office.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8134 (November 18, 1988).

**1707 DETERMINATION OF REQUIRED PAYMENT DATE**

1707.1 If a contract specifies the date on which payment is due, the required payment date is the date specified in the contract.

1707.2 If a contract does not specify a payment date, the required payment date shall be one of the following:

- (a) Meat and meat food products - the seventh (7th) day after the date of delivery of the meat or meat product;
- (b) Perishable agricultural commodities - the tenth (10th) day after the date of delivery of the perishable agricultural commodity; or
- (c) All other goods and services - the thirtieth (30th) day after the receipt of a proper invoice by the designated payment officer.

1707.3 The following rules shall apply in computing required payment dates:

- (a) The date of the delivery of meat or meat food products or perishable agricultural commodities, or the date an invoice for other goods and services is received, is not counted;
- (b) Days designated as legal holidays in the District of Columbia under D.C. Code §28-2701 (1991 Repl. Vol.) are not counted; and
- (c) Saturdays and Sundays are counted unless they are legal holidays.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8135 (November 18, 1988).

**1708 TIME DISCOUNTS**

1708.1 An agency shall not take a time discount, by expediting a payment in exchange for a discount of the amount due, unless it is more economical to expedite payments than to pay on the required date.

1708.2 An agency shall not pay the discounted price if the payment is not made within the specified discount period.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8135 (November 18, 1988).

**1709 IMPOSITION OF INTEREST PENALTY**

1709.1A business concern shall be entitled automatically to receive an interest penalty payment if the following conditions are met:

- (a)The business concern has a contract or purchase order for the goods or services provided;
- (b)The agency has accepted property or service and there is no disagreement over quantity, quality or other contract provisions which would affect payment;
- (c)A proper invoice has been received by the designated payment officer (except where no invoice is required; for example, as with periodic lease payment), or the agency has failed to give the business concern a notice of defect as required by §4905;
- (d)Payment is not made on or before the end of the following periods:
  - (1)Meat and meat food products - the third (3rd) calendar day after the payment due date;
  - (2)Perishable agricultural commodities - the fifth (5th) calendar day after the payment date;  
and
  - (3)Other goods, property or services - the fifteenth (15th) calendar day after the payment date.

1709.2A business concern shall be entitled to receive an interest penalty payment if it meets the conditions of §§1709.1(a) to (d) and if an agency has taken a time discount from an amount due the business concern after the discount period has expired and has failed to correct the underpayment on or before the applicable time period specified in §1709.1.

1709.3Interest penalties shall not be paid in the following circumstances:

- (a)Payment has not made because of a disagreement between an agency and a business concern;
- (b)Payments are made to a third party on behalf of the vendor solely for financing purpose;
- (c)Payments are made in advance; and
- (d)Payments are made for a period in which amounts are withheld temporarily in accordance with a contract.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8135 (November 18, 1988).

**1710CALCULATION OF INTEREST PENALTIES**

1710.1Interest shall be calculated at the rate of one percent (1%) per month.

1710.2Interest shall be computed from the day after the required payment through the actual payment date.

1710.3 When an interest penalty that is owed is not paid, interest shall accrue on the unpaid amount until paid. Interest penalties remaining unpaid for any thirty-day (30) period will be added to the principal, and interest penalties thereafter, will accrue monthly on the total of principal and previously accrued interest.

1710.4 When an agency takes a discount after the discount period has expired, the interest payment shall be calculated on the amount of the discount taken, for the period beginning the day after the end of the specified discount period through the actual payment date.

1710.5 No interest penalties shall continue to accrue under the following circumstances:

(a) After the filing of a claim for such penalties; or

(b) For more than one (1) year.

1710.6 Interest penalties of less than five dollars (\$5.00) shall not be paid unless requested.

1710.7 Adjustments shall be made for errors in calculating interest, if requested.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8137 (November 18, 1988).

#### **1711 PAYMENT OF INTEREST PENALTIES**

1711.1 A separate voucher, along with appropriate documentation, shall be prepared for each interest penalty payment.

1711.2 Interest penalty payments shall be charged to an object class set up specifically for interest penalty payments.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8137 (November 18, 1988).

#### **1712 REPORTING REQUIREMENTS**

1712.1 Each District agency shall file with the Deputy Mayor for Financial Management a detailed report on any interest penalty payments made during the preceding fiscal year.

1712.2 The report shall include the numbers, amounts and frequency (on a percentage basis of interest penalty payments made during the preceding fiscal year).

1712.3 Reports shall be delivered to the Deputy Mayor for Financial Management within sixty (60) days after the conclusion of each fiscal year.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8137 (November 18, 1988).

#### **1713 CLAIMS**

1713.1 Claims for interest penalties which a District agency has failed to pay in accordance with §1709 may be filed with the Contracts Appeals Board.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8138 (November 18, 1988).

**1799 DEFINITIONS**

1799.1 For purposes of this chapter, the following words and phrases shall have the meanings ascribed:

**Agency** - any office, department, division, board, commission or other agency of the District other than an independent agency required either by law, the Mayor or the Council of the District of Columbia (Council) to administer any law or any rule adopted under the authority of a law.

**Business concern** - any person or organization engaged in a trade or business, or not-for-profit entities operating as contractors.

**Contract** - any enforceable agreement, including rental or lease agreements and purchase orders, between an agency and a business concern, to acquire for the District government property or services.

**DUNS Number** - the identification assigned to a business concern by Duns and Bradstreet.

**Independent Agency** - any agency of the government not subject to the administrative control of the Mayor and includes, but is not limited to, the Superior Court of the District of Columbia Court of Appeals. Council of the District of Columbia, Board of Elections and Ethics, Armory Board, Zoning Commission, Convention Center Board of Directors, District of Columbia Board of Education and the Public Service Commission.

**Perishable Agricultural Commodity** - any of the following, whether or not frozen or packed in ice: fresh fruits and fresh vegetables of every kind and character.

**SOURCE:** Final Rulemaking published at 35 DCR 8131, 8140 (November 18, 1988).