



# ACCOUNTING BULLETIN

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TO: Fiscal Officers of All State Agencies

FROM: Steven L. Valasek, Director of State Accounting

DATE: January 4, 2002

SUBJECT: Prompt Payment Legislation - Public Act 92-0384

NUMBER: 96

Public Act 92-0384 amends the current procedures for processing payments to vendors where a State Official or Agency is late in making payment of an invoice for goods or services furnished to the State. For the purpose of rulemaking, this amendment became effective upon becoming law. For all other purposes, this amendment takes effect July 1, 2002. The following sections of 30 ILCS 540 State Prompt Payment Act have been amended:

#### 540/1 Application of Act (addition)

As used in the Act, "a proper bill or invoice" means a bill or invoice that includes the information necessary for processing the payment as may be specified by a State agency and in rules adopted in accordance with this Act.

#### 540/3-2 Late payment to vendors; interest penalties

(1) Any bill approved for payment under this Section must be paid or the payment issued to the payee within 60 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 60 day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60 day period, until final payment is made.

(1.1) (addition) A State agency shall review in a timely manner each bill or invoice after its receipt. If the State agency determines that the bill or invoice contains a defect making it unable to process the payment request, the agency shall notify the vendor requesting the payment as soon as possible after discovering the defect pursuant to rules promulgated under Section 3-3. The notice shall identify the defect and any additional information necessary to correct the defect.

(2) (addition) .....amounting to \$50 or more to the appropriate vendor. Each agency shall be responsible for determining whether an interest penalty is owed and for paying the interest to the vendor.

540/3-3. Promulgation of rules and policies

(addition) .....a bill or invoice from a vendor for goods or services furnished to the State. These rules and policies shall provide for procedures and time frames applicable to payment plans as may be agreed upon between State agencies and vendors.

540/3-4. New

(addition) The State Comptroller must specify the manner in which State agencies shall record interest penalty payments made under this Act. The State Comptroller may require vouchers submitted for payment, including submission by electronic or other means approved by the Comptroller, to indicate the appropriate date from which interest penalties may be calculated as required under this Act.

540/4 Examination of vouchers

Nothing in this Act shall be construed to deprive the Comptroller of his power to examine vouchers as specified in the State Comptroller Act.

540/5 Interest – Invoice or voucher

The State remittance shall indicate that payment of interest may be available for failure to comply with this Act.

The Office of the Comptroller (IOC) and the Department of Central Management Services are currently working on administrative rules for the implementation of this Act. Once they are finalized, the IOC will publish an Accounting Bulletin with the associated administrative rules.

If you have any questions pertaining to this bulletin, please contact Paula Kitchen at (217) 782-3608. Agencies may access this and other Payroll, SAMS and Accounting Bulletins on the Comptroller's website at [www.ioc.state.il.us](http://www.ioc.state.il.us) under Reference Library.