

**Board of Trustee Policy      BOT-02.00-06/04**

**TO:** The University of West Florida Community

**FROM:** Dr. John Cavanaugh, President

**SUBJECT:** Prompt Payment Policy

**Responsible Office:** Administrative Affairs/Financial and Accounting Services

**Policy/Purpose:** Because of the devolution of authority to university boards of trustees, the statutory provisions governing payment of vendors and contractors no longer will apply. Boards of trustees are required to adopt policies and guidelines regarding such payment.

As to all vendors and contractors, the prompt payment policy specifies the obligations of the university in making payments and the obligations of the contractors to pay subcontractors. It provides timelines and procedures to be followed by the university in making payments to vendors or reimbursing university employees. The policy must be approved prior to July 1, 2004, the date the university has the authority to process its own vendor payments.

As to construction contractors, proposed legislation on prompt payment by universities failed to pass during the recent legislative session. However, each of the 11 institutions in the State University System agreed to adopt internal policies that are similar to the guidelines used by Florida's community colleges. The guidelines are to ensure the universities to pay contractors in a timely manner and require by contract that such contractors in turn pay their subcontractors in a timely manner.

**PROMPT PAYMENT POLICY**

1. All payments made by the University are subject to University Policy and Rules as approved by the University's Board of Trustees. It is the policy of the University that documentation authorizing payment of an invoice shall be approved for payment not later than five (5) days, after receipt of the invoice and receipt, inspection, and approval of the goods or services, except that in the case of a bona fide dispute the invoice shall contain a statement of the dispute and authorize payment for only the undisputed amount. All payments shall be disbursed within 40 days after approval for payment.

a. Approval and inspection of goods or services shall take no longer than five (5) days unless the bid specifications, purchase order, or contract specifies otherwise. The 40-day payment requirement may be waived in whole or in part by the University Controller on a showing of exceptional circumstances in accordance with rules, policies and procedures of the University. For the purposes of determining the receipt of invoice date, the department is deemed to receive an invoice on the date on which a proper invoice is first received at the location previously specified to the vendor or contractor ("vendor") by the University.

b. The University is deemed to have received an invoice on the date of the invoice, if the department has failed to annotate the invoice with the date of receipt at the time the department actually received the invoice, or the department failed, at the time the order was placed or the

contract was entered into with vendor, to designate a specific location to which the invoice was to be delivered.

c. The University may make partial payments to a contractor upon partial delivery of goods or services or upon partial completion of construction when a request for such partial payment is made by the contractor and approved by the Controller.

d. If the terms of the invoice provide for a discount when payment is made by the University within a specified number of days, the University shall preferentially process it and use all diligence to obtain the savings by complying with such payment terms.

e. Reimbursements to University officers and employees must be paid in the same timeframes and process as payments to vendors under this policy.

f. This policy does not apply to payments made to State agencies or other governmental entities within the State of Florida.

g. The Director of Procurement and Contracts may authorize advance payments for goods and services, including, but not limited to, maintenance agreements and subscriptions only when it is in the best interest of the University to make payments in advance and it has been determined there is adequate protection to ensure that such goods or services will be provided.

h. Payments not made on a timely basis are subject to an interest penalty payment at a rate established under Florida Statutes Section 55.03(1). The interest penalty will only be applied on the unpaid balance from the expiration of such 40-day period until such time as the payment is issued to the vendor.

i. All agreements between the University and vendors shall include a statement of the vendor's rights and the University's responsibilities under this policy. The vendor's rights shall include being provided with the telephone number of the University's vendor ombudsman and such information will also be placed on all purchase orders.

j. Invoices received from vendors, who have failed to supply the University with a complete and accurate W-9, will be deemed insufficient for payment until such information has been provided.

**Guidelines for Contractual Provisions for Prompt Payment  
on University of West Florida Construction Contracts**

**Adopted by the UWF Board of Trustees on June 17, 2004**

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The following provisions are recommended to be included in all University construction contracts in order to promote timely payments to subcontractors for work satisfactorily completed.

Subcontractors, forty-five (45) calendar days after satisfactory completion of their work on the Contractor's project, can invoice the Contractor for the remainder of unpaid work, including the full value of the retainage related to their work, less the value of any item contested in accordance with the terms and conditions of the construction Contract. The Subcontractor shall include a conditional, partial release of lien and all appropriate warranties and closeout documentation with this final payment invoice to the Contractor. The Contractor must include this subcontractor payment request in the next Application for Payment in the pay application cycle to the Architect following the receipt of the subcontractor payment request, if deemed to be complete and in compliance with this section. The University shall process the payment request within thirty (30) calendar days of receipt of the Certificate for Payment from the Architect, and shall include payment of the retainage, less the value of any contested item, in its next payment to the Contractor. When a Contractor receives payment from the University for labor, services, or materials furnished by subcontractors and suppliers hired by the Contractor, the Contractor shall remit payment due to those subcontractors and suppliers, less the value of any item contested in accordance with the terms and conditions of the construction Contract, within ten (10) calendar days after the Contractor's receipt of payment.

*The University should require the contractor to include the following provision in all construction contracts to promote timely payments to subcontractors for services properly completed to the University:*

***“When the Contractor receives payment from the University for labor, services, or materials furnished by subcontractors and suppliers hired by the Contractor for the project, the Contractor shall remit payment due to those subcontractors and suppliers, less the value of any item contested in accordance with the Contract, within ten (10) calendar days after the Contractor’s receipt of payment from the University. When the payment due the subcontractor is for final payment, including retainage, the subcontractor must include with the invoice for final payment a conditional release of lien and all appropriate warranties and closeout documentation. When the subcontractor receives payment from the Contractor for labor, services, or materials furnished by subcontractors and suppliers hired by the subcontractor, the subcontractor shall remit payment due to those subcontractors and suppliers, less the value of any item contested in accordance with the Contract, within ten (10) calendar days after the subcontractors receipt of payment.”***

This provision shall not be construed to create a contractual relationship of any kind (1) between the Architect and Contractor, (2) between the University and a Subcontractor or Sub-subcontractor (et al.) (3) between the University and Architect or (4) between any persons or entities other than the University and Contractor.

**Approved by University of West Florida Board of Trustees on 6/17/04.**