

From: Cardinal Project
Sent: Tuesday, March 08, 2016 11:18 AM
To: Cardinal Project
Subject: Pay Terms Guidance

This email is being sent to the Wave 2 Fiscal Officers

CAPP Topic 20315 (Prompt Payment) sets forth the policies regarding the payment for goods and services and contractual agreements with nongovernmental and privately-owned businesses. This policy has been updated for Cardinal and the policy has not changed. **Per CAPP Topic 20315, the required payment due date is established by the terms of the contract; or if a contract is not in existence, the required payment due date shall be thirty calendar days after receipt of a proper invoice, or thirty days after the receipt of goods or services, whichever is later.**

In order to obtain accurate prompt payment reporting, it is imperative the correct Cardinal Pay Term is selected on each voucher. Additional information on determining the correct Pay Term is provided below.

Cardinal Due Date Processing

Every voucher in Cardinal requires a scheduled payment date. There are three Pay Terms to facilitate processing vouchers with the correct payment due date.

Pay Terms:

Subject to Prompt Payment policy

- **30 - Net 30 (Net 30):** Term is used when there is no specified payment date in the contract and payment is due thirty days after the receipt of the invoice or goods or services, whichever is later
- **00PP - Due Immediately Prompt Payment (Due Now PP):** Term is used when there is a specified payment date in the contract

Not subject to Prompt Payment policy

- **00 - Due Immediately (Due Now):** Term is used when the voucher does not require a due date

Cardinal Prompt Payment reports and the interface to send prompt payment statistics to DOA include the 30 and 00PP Pay Terms. The reports and interface automatically omit payments to vendors classified as State Agencies, Local Governments or Federal Government. Information on the reports will be provided in a separate communication titled Prompt Pay Report (also released March 2, 2016).

To help clarify, some examples are provided below to assist in determining the correct Pay Term to select by cross walking the CARS Voucher Processes and/or CARS Transaction Codes to the Cardinal Pay Terms:

Examples	Pay Term
CARS Transaction Code 334	00
CARS Transaction Code 324 - no date specified by contract	30
CARS Transaction Code 324 - date specified by contract	00PP
CARS Batch Type 2's (e.g., board member reimbursement)	00
Voucher's with contract terms of monthly due date 16th of every month	00PP
Utility Vouchers	00PP
Payments to Localities with set disbursement schedule (e.g., 16 th and end of month)	00PP
Refunds	00
Vouchers subject to Prompt payment policy due 30 days after receipt of goods/services or invoice date	30

Entering Pay Terms on a Voucher

The use of each Pay Term is slightly different and is detailed below. This information is also included in the SW AP312 Voucher Process training materials.

30 – Net 30:

This pay term defaults on the voucher. When using this pay term, leave the default value of 30.

The **Basis Date Type** field specifies the business rule for due date calculation. This field defaults to **Prompt Payment**. The use of this Pay Term and Basis Date Type will calculate the **Scheduled Due Date** (date used in Pay Cycle and for prompt payment reporting) using the Invoice Receipt date or the Goods and Services Receipt Date, whichever is later. **It is critical these two date fields are entered accurately.**

- o The later of the two dates is used as the start date and 30 days from that date is calculated as the **Schedule Due Date**.
- o The payments will be selected, in Cardinal Pay Cycle, in time to date the payment on or a few days prior to the due date (i.e., for EDI, the payment will posted to the vendors' bank on the payment date, for Checks, the payment will be dated and mailed on the payment date).

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50100 Invoice No: Action:
 NEXT Invoice Date: 15
 Regular Voucher Accounting Date: 10/29/2014 15

Final Voucher
 Do Not Send to CARS

When selecting Pay Term 30 (Net 30), the invoice Receipt Date and/or Goods & Services Receipt Date are used to calculate the payment due date.

Invoice Receipt Date: 10/28/2014 15
 Goods & Services Receipt Date: 10/15/2014 15

Select Pay Terms 30 (Net 30) when there is no specified payment due date in the related contract and payment should be made thirty days after receipt of acceptable invoice or acceptable receipt of goods/services, whichever is later.

*Pay Terms: 30 Net 30

Basis Date Type: Prompt Payment Prompt Payment Basis Date Type will default.

0.00 Responsible Org: 10000

[Session Defaults](#)
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[Calc Basis Date](#)

00PP – Due Immediately Prompt Pay:

To use 00PP, click on the **Pay Terms Detail** icon on the Voucher. On the Payment Terms page, select **00PP** as the Payment Terms ID **AND** select **User** for the Due Date Control option. Enter the appropriate scheduled payment date in the **Due Date** field. Once the date is entered, click the **Back to Invoice** link. *Even though the Goods & Services Receipt Date and Invoice Receipt Date are not used in the calculation of the scheduled payment date, these fields should be entered accurately for use in Cardinal accrual reports.*

The **Due Date** field allows the Processor to enter a Due Date. This field is populated only when 00PP Pay Term is used. The value entered will be set as the **Scheduled Due Date**.

- o The entered Due Date populates the Scheduled Due Date
- o The Payment will be selected in Cardinal pay cycle in time to date the payment on or a few days prior to the due date (EDI - Posted to the vendors bank on the payment date or checks dated the payment date)

00 – Due Immediately

To use 00, click on the **Pay Terms Detail** icon on the Voucher. On the Payment Terms page, select **00** as the Payment Term ID **AND** select **Inv Date** for the Basis Date Type option. The Basis Date field will populate. Once the date is populated, click the **Back to Invoice** link. *Even though the Goods & Services Receipt Date and Invoice Receipt Date are not used in the calculation of the scheduled payment date, these fields should be entered accurately for use in Cardinal accrual reports.*

The **Basis Date Type** field specifies the business rule for due date calculation. The **Inv Date** option is used in conjunction with 00 Pay Terms only. The Invoice Date entered on the Invoice Information page is the basis for the due date, but if that date is in the past, the **Scheduled Due Date** is calculated as the current date (the date the voucher is entered into Cardinal).

- o Once the voucher is approved, the voucher will be selected for payment.
- o The payment date will be two business days in the future. Payments with 00 Pay Terms are not included in Prompt Payment reports or calculations, so they will not be reported as late, even if the Payment date is after the Scheduled Due Date.

The following chart summarizes the options for each Pay Term as outlined above:

Pay Term	Due Date Control	Basis Date Type	Due Date
30	Term	Prompt Payment	BLANK
00	Term	Inv Date	BLANK
00PP	User	BLANK	Actual Due Date

Examples:

Utility Bill due date is 4/05/16

Due date determined by the terms of the contract

Pay Term	Due Date Control	Basis Date Type	Due Date
00PP	User	BLANK	4/5/2016

Regular Voucher

Due date not specified in related contract terms

Pay Term	Due Date Control	Basis Date Type	Due Date
30	Term	Inv Date	BLANK*

Board Member Reimbursement

Paid upon receipt of acceptable reimbursement request

Pay Term	Due Date Control	Basis Date Type	Due Date
00	Term	Inv Date	BLANK*

*** The Due Date field is blank. The Scheduled Due date field will be populated when the Voucher is saved.**

Other Clarifications

- Payments to Bank of America for SPCC or ATC should use the 00PP Pay Term with a scheduled due date of the 7th of the month. Ensure the voucher is entered in time to go through edit, budget check, approvals and payment processing in time to meet this date. Payments are dated two business days in the future once they are pulled for payment in Cardinal, so the related voucher must be fully validated and approved in Cardinal before 6:30 p.m. at least **two business** days prior to the 7th of the month.
- When using 00PP Pay Term, make sure to enter the correct Due Date. Do not just let the date default to the current date; do not add extra days to the actual due date to allow for processing time. Remember the voucher must be fully validated and approved in Cardinal before 6:30 p.m. at least **two business** days prior to the scheduled payment due date.
- Once the Voucher is saved, go to the Payments tab and verify the date in the Scheduled Due field is correct.
- While only the Pay Term 30 (Net 30) will utilize the Goods & Services Receipt Date and Invoice Receipt Date to calculate the scheduled payment date, these fields should be entered accurately for all vouchers in Cardinal to facilitate accurate accrual reporting.
- At this time, payments to state agencies will not be included in prompt payment reports. If your payment to another agency has a specified due date,

use 00PP and the required payment date; otherwise, use 00 as the pay term and pay immediately.

- CAPP Topic 20315 (Prompt Payment) covers the process for agencies to request adjustments to late payments where processing errors occurred. The Cardinal Project Team and the DOA General Ledger Oversight group will coordinate a review of February late payments and work with agencies to determine where adjustments are warranted.
- February prompt payment statistics will be a combination of payment data from CARS and Cardinal. You will have separate reports for the two systems, but DOA will combine the data for reporting purposes.