Basic Payment Guidelines

BASIC PAYMENT GUIDELINES

This section is organized as follows:

1. *State of Hawaii Payment Processing Requirements*
2. *DAGS-Administrative Services Offices Internal Payment Processing Requirements*
   a. *Highlights (Quick Reference)*
   b. *Detailed Explanation*

STATE OF HAWAII PAYMENT PROCESSING REQUIREMENTS

Purpose: The following are State requirements that must be followed in order to process a payment.

Reference: Section 40-56, HRS and Comptrollers Memorandum No. 2007-20 (Amended)

I. Payments Made by State Checks

A. Original invoices or receipts must be submitted to the ASO. The invoice must include the description of the items that were purchased and cannot be a weekly or monthly statement that only has the amount due. An invoice that has "Customer Copy" on it and is not a photocopy is also acceptable.
B. If the original invoice is lost or destroyed, a carbon copy or a photocopy of the original invoice will be accepted with a statement from an authorized vendor representative certifying that this is an original invoice. The ASO will only accept the following language, "I certify that this is an original invoice." The authorized vendor's signature must be an original, first name or initial and last name, and cannot be initials only.
C. If the original receipt is lost or destroyed, and the amount of the reimbursement is less than $25, the individual must certify that the receipt was lost or destroyed and that no other request for payment for the item will be made.
D. Reimbursements for payment to parking meters, newspaper dispensers, or for bus fares for which receipts are not provided and which is generally less than $5, will not require receipts. A certification by the individual claiming the reimbursement for the amount paid is sufficient.
E. If there is no original receipt and the amount exceeds $25, the individual seeking reimbursement shall obtain the Comptroller's approval regarding the acceptability of the document of the documents in lieu of the receipt. The request should specify why no receipt can be submitted, and the individual must substantiate the amount being requested by confirmation from the original vendor of what the reimbursement amount would be for similar goods or services.
F. Invoices or receipts must be certified (use invoice approval stamp) that all materials, supplies, and services have been received in good order and condition before payments are made from State funds.
G. Invoice amount changes: 1) If amount to be paid <u>is less</u> than the amount invoiced, provide justification, name of vendor spoke to, and date and 2) Amounts cannot be increased above amount invoiced except for Public Works' Monthly Estimate invoices.

II. Payments Made by State Purchasing Cards (pCard)

A. The following documents will be accepted for purchases made by pCard:
   1. Customer sales slip or charge receipt reflecting the vendor's name, date of purchase, description and cost of goods purchased.
   2. Electronic purchase confirmation (for internet purchases) reflecting the vendor's name, date of purchase, and description and cost of goods purchased.
   3. Itemized packing slip (if an itemized invoice is not provided) reflecting the vendor's name, date of purchase, and description and cost of goods purchased.
   4. E-mail confirmation of purchase must include the vendor's name, date of purchase, and description and cost of goods purchased.
   5. If there is no documentation sufficient for payment purposes, Comptroller's approval to pay is required.

B. Other Requirements:
   1. A certification that the goods were received in good order and condition must be noted on the documents. In lieu of providing this certification on each invoice, DAGS has received the Comptroller's approval (Refer to ASO's November 23, 2007 memo) to have this certification (use invoice approval stamp, only signature is required) included only on the PVS Net Statement of Account below the cardholder's signature.
   2. If invoiced amount differs from charged amount:
      a. If invoiced amount is greater, need to contact vendor if difference will be charged at a later date or vendor will waive difference (notation needs to be made on Statement).
      b. If invoiced amount is lower, need to contact vendor for credit.

III. Payments Made by Employees Requiring Reimbursements from the State

A. If Paid by Cash – Provide one of the documents listed above under Section I – Payments Made by State Checks, item numbers A. to E. or Section II – Payments Made by State Purchasing Cards (pCard). The documents should include the amount paid by the employee.

B. If Paid by Personal Credit Card – Provide one of the documents listed above under Section I – Payments Made by State Checks, item numbers A. to E. or Section II – Payments Made by State Purchasing Cards (pCard). The documents should include the amount paid by the employee. If there is no indication of the actual amount paid or no charge receipt is given, the employee must provide the original credit card statement reflecting the actual cost for which reimbursement is being sought. All data on the statement can be "blackened out" except for the cardholder's name and the information (description and amount) of the transaction.

C. If requesting reimbursement from petty cash, check with your division/office/attached agency Petty Cash Custodian for documentation requirements.

DAGS ADMINISTRATIVE SERVICES OFFICE'S (ASO) INTERNAL PAYMENT PROCESSING REQUIREMENTS

HIGHLIGHTS OF THIS SECTION – PAYMENT DOCUMENTATION REQUIREMENTS

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Documents Required for Payments Excluding Petty Cash, pCard, and Employee Reimbursements (Basic Submission Requirements in **Boldface)**	Original and No. of Copies	Additional Requirements	ASO Submission Deadlines
Original Invoice <u>or</u> if lost, a Certified Original Invoice (A copy of the invoice with this statement "I certify this is an original invoice" and signed by the vendor in original ink, first name or initial and last name. It cannot be initials only.)	Original and 1 copy	1) All invoices must be date stamped; 2) Affix the approval to pay stamp on the original invoices and copies, sign and date it properly (see B below*); and indicate if it is a partial or final payment: and 3) Contract Payments – submitted to ASO only if the completed and fully executed contract is encumbered by DAGS -Accounting Division and the contract number and appropriate suffix line, if applicable, must be shown on the invoice or payment request.	All Oahu Divisions/Offices after receipt of invoice or satisfactory delivery of goods and services have **3 working days**. Neighbor Islands have **5 working days**. The State of Hawaii Accounting Manual specifies a performance standard of no more than 10 working days. That means the ASO has 7 working days to process the payment. **Deadline to Process Payment Within the Month** <u>Monthly Deadline Except June:</u> Approximately the 24th of each month <u>Year end June 30 Deadline</u>: Approximately 5 working days before June 30.
Approvals if applicable such as Governor's/Comptroller's/Business Management Officer's/Personnel Officer's; T-205 computer, travel forms, etc.	2 copies		Submitted with the purchase order or contract

To ensure compliance with HRS Chapter 103D, for the following appropriate PO/contract amounts <u>if not exempt, emergency, sole source, not purchased from a governmental entity, or a price/vendor list is not used</u>: 1. Under $5,000 – **optional SPO Form 10** (Record of Procurement) 2. $5,000 to less than $15,000 – **SPO Form 10** 3. $15,000 to less than $50,000 – **HePS PO Summary Report** 4. $50,000 or more – **SPO Form 20** (Statement of Attestation for Internet Posting) with copy of **Procurement Notice** (posted ad)	2 copies		Submitted with the purchase order or contract. The HePS PO Summary Report is also required to be submitted **with all payments (partial and final payments)**
Compliance Documents if $15,000 or More – Section 103D-310 (c), HRS & Section 3-122-112, HAR Documentation Requirements, **DOTAX Form A-6, DLIR Form LIR#27, and DCCA Certificate <u>or</u> Hawaii Compliance Express document printout,** Not applicable for Price/Vendor List payments.	2 copies from the Hawaii Compliance Express (HCE) or if not obtained through HCE, 2 copies of DOTAX Form A-6, LIR #27, and DCCA Certificate		Submitted with the purchase order or contract and first non-contract payment
Contract payments – Compliance Documents – **Tax Clearance for final payment.** Note: the Tax Clearance for final payment is valid for only 2 months so payment request should be submitted at least 1 month before the expiration of the Tax Clearance.	2 copies from the Hawaii Compliance Express (HCE) or if not obtained through HCE, original of DOTAX Form A-6 (green) and 1 copy plus original and 1 copy of the Form SPO-22		Same as invoice submission deadlines.

Aging Start Date (ASD) – Interest on Delinquent Payments

A. Section 103-10, HRS requires the payment of interest if a payment is not made within 30 calendar days. The calculation of interest commences on the 30th day following the date of receipt of the invoice or satisfactory delivery of the goods or performance of the services, whichever is later. The date which marks the beginning o f the calendar day period is referred to as the "Aging Start Date" (ASD). The interest calculation ends on the date of the check.
B. As a guideline, these dates are determined as follows:
   1. The date of "receipt of the invoice" is the date the invoice was first received by the department and should be stamped on the invoice. It is the program's responsibility to promptly date-stamp each invoice upon receipt.
   2. The date of "receipt of goods/services" should be the actual date the goods were received or services were satisfactorily completed.
C. These two dates should be reflected in the approval stamp area, which is completed by the divisions (please verify that all information is legible). The ASD that is inputted on the payment voucher would be the later of the two dates above, or, if applicable, the later date of receipt of any document from the vendor that is required for payment (e.g., tax clearance, certificate of compliance).

DETAILED EXPLANATION

Purpose: The following guidelines are internal departmental requirements that were established by the DAGS-Administrative Services Office (ASO) to assist DAGS' employees to process a payment. The following applicable items must be submitted and/or followed to initiate payment processing:

I. Basic Requirements:

A. An original or certified original invoice and one copy of the invoice. All invoices must be date stamped.
B. Affix the approval to pay stamp on the original invoice and copies. The approval to pay is signed and dated. Also make sure that the date the goods and services received is noted and whether invoice reflects either partial or final payment.
C. Two copies of all the supporting documents (e.g.,Governor's approval, SPO-10, ICSD T-205 approval, etc.) should be submitted if applicable
D. To ensure compliance with HRS Chapter 103D, the following must be submitted with the encumbrance documents for the appropriate PO/contract amounts <u>if not exempt, emergency, sole source, not purchased from a governmental entity, or a price/vendor list is not used</u>:
   1. Under $5,000 – **optional SPO Form 10** (Record of Procurement)
   2. $5,000 to less than $15,000 – **SPO Form 10** (Record of Procurement) at website link: http://www4.hawaii.gov/StateFormsFiles/spo10-%20record%20of%20procurement%203-14-08%20protected.doc
   3. $15,000 to less than $50,000 – **HePS PO Summary Report (also submit with all payments – partial and final)**
   4. $50,000 or more – Procurement Notice (posted ad) with **SPO Form 20** (Statement of Attestation for Internet Posting) at website link: http://www4.hawaii.gov/StateFormsFiles/form20-fillable%20protected.doc
E. For purchases **$15,000 or more**, to ensure compliance with Section 103D-310 (c), HRS and Section 3-122-112, HAR Documentation Requirements, submit with first payment **and** with the encumbrance documents:1) DOTAX Form A-6, 2) DLIR Form

LIR#27, and 3) DCCA Certificate or the Hawaii Compliance Express document printout

F. For partial payments, identify the payment breakdown if multiple lines are encumbered on the purchase order
G. If applicable, type SPO's Price or Vendor List number, employee's name and Bargaining Unit Number of the employee, etc. on the purchase order or if applicable, the petty cash reimbursement voucher form or in the pCard-PVS Net description field (this information should be typed at the beginning of the field). Refer to the handbook/website link at: http://dagsnet.higov.net/fiscal/pph/objects.html for specific object code requirements.
H. If contract payment, indicate contract number and appropriate suffix line on the invoice or payment request.
I. Send all invoices directly to the Administrative Services Office for processing within three working days (neighbor islands have 5 working days) and maintain a record of all invoices received and when submitted to the ASO for processing.

II. Other ASO Requirements

A. If not using a pCard, prepare a purchase order before obtaining any item from a vendor.
B. The vendor name on the invoice should agree with the vendor name on the purchase order
C. Type on the purchase order the collective bargaining unit and article number when purchasing safety equipment, uniforms or apparel for employees or if pCard purchase, include it in the pCard-PVS Net description field (this information should be typed at the beginning of the field)
D. Extend, double check the amounts, and provide a total for all items purchased on the purchase order. Ensure that the total of all items purchased equals the summary (uniform accounting code) on the bottom portion of the purchase order
E. Do not over exceed what is authorized on the purchase order, e.g., purchase order approved for five items, actual delivery 20 items plus other items not listed on the purchase order.
F. Complete and attach the applicable tax forms when submitting personal automobile mileage or out-of-state per diem reimbursements
G. Update your signature list of persons authorized to sign purchase orders, etc. when there is a change in staff.
H. Cancel all unrequired purchase orders on a monthly basis
I. For new vendors without an existing State vendor code, obtain the "Request for Taxpayer Identification Number and Certification" (Form W-9) along with a letterhead or business card so that you will be able to obtain a vendor code from DAGS-Pre-Audit. **The vendor address should be the remittance address.**
J. Ensure that current fiscal year funds are used for current fiscal year purchases.
K. Any item purchased that costs $250 or more and has a useful life of more than one year should be coded as a fixed asset item (object codes 75XX to 78XX), e.g., capital improvement, equipment, motor vehicles, etc. Please click on website links below (2003 Inventory System User Manual and August 23, 2007 Memo on ASO's Inventory Policies and Procedures for further information.
L. Check the reference materials and websites well ahead of your quarterly/fiscal year ending deadlines in case approvals (Governor's, Department of Budget and Finance's, Comptroller's, Business Management Officer's, etc.), and other unique procurement and fiscal requirements are applicable to your purchases.
M. "Red-tag" rush payment requests – Rush priority "red-tag" payment requests should be kept at a minimum, and must receive the approval of DAGS-Business Management

Officer (BMO) before being submitted to the ASO staff for payment processing. The request should include justification for the priority processing. After review and approval or disapproval, the BMO will forward the payment request to the appropriate ASO staff for processing. "Red-tag" rush payment requests disrupt the normal vouchering process, and as a result, the DAGS-Accounting Division- Pre-Audit Branch has limited the number (two per day) of "red-tag" vouchers department are able to submit.

N. Payment inquiries – In no instance should a vendor be directed to call the ASO or DAGS-Accounting Division- Pre-Audit Branch when requesting payment information. If there are any questions that need resolution, a contact person from the expending division/office/attached agency should contact the ASO with the purchase order or contract number, vendor name, amount of payment, and approximate date of submittal to the ASO.