

## SAM - DISBURSEMENTS

### PENALTY CALCULATION

8474.3

(Revised 12/12)

Whenever a state department or the Controller determines a penalty is due, the rate for small businesses and nonprofits shall be a rate of 10 percent above the United States Prime Rate on June 30 of the prior year. The rate for all other businesses including grantees that provide victim services or prevention programs shall be one percent above the Pooled Money Investment Account (PMIA) daily rate on June 30 of the prior fiscal year, not to exceed 15 percent. The rate for refunds or other payments due to individuals is one percent below the PMIA daily rate on June 30 of the prior fiscal year. These rates change annually; therefore, the PMIA rate is communicated to state departments via a Budget Letter (BL). For the latest BL on late payment penalty rates, refer to the DOF website: <http://www.dof.ca.gov/html/budlettr/budlets.htm>.

The penalty will be calculated as follows:

- Step 1**      **Determine The Payment Due Date:** The payment due date is 45 calendar days after receipt of a properly submitted, undisputed invoice, unless otherwise specified in the contract or grant. In the case of refunds, the payment due date is 45 calendar days after notification of the refund to the payee or other payments due to individuals.
- Step 2**      **Amount Subject To Penalty:** The gross amount of the invoice less taxes, refund amount or other payments due amount subject to the penalty.
- Step 3**      **Penalty Amount Per Day:** Multiply the amount subject to penalty (as determined in Step 2) by the applicable daily penalty rate (based on the payment due date) as specified in the BL.
- Step 4**      **Number Of Days Penalized:** The number of calendar days between the payment due date (as determined in Step 1) and the date payment is issued.
- Step 5**      **Late Payment Penalty Amount:** Multiply the penalty amount per day (as determined in Step 3) by the number of days penalized (as determined in Step 4). The result is the late payment penalty amount due the claimant; except that penalty amounts of \$10 or less shall not be paid to small businesses, nonprofit and refunds or other payments due to individuals. For all other businesses, penalty amounts of \$100 or less shall not be paid.

See SAM Section 8474.3 ILLUSTRATION 1 for samples of late payment penalty calculations.

When a late payment penalty is incurred, a completed Penalty Calculation Worksheet, STD. 208 must be attached to the related invoice submitted to the Controller. See SAM section 8474.3 ILLUSTRATION 2.

Any invoice included in a claim schedule the Controller determines is subject to a claim correction shall be deemed to be improperly submitted and the state department shall be responsible for the penalty incurred on the invoice.

**SAM - DISBURSEMENTS**

STATE OF CALIFORNIA

**INVOICE DISPUTE NOTIFICATION**

STD. 209 (NEW 3-87)

93 96178

|   |  |
|---|--|
| <p>(Mail in a window envelope.)</p> <div style="border: 1px solid black; height: 60px; width: 100%;"></div> | <p>DATE _____</p> <p>INVOICE NUMBER _____</p> <p>AMOUNT _____</p> <p>\$ _____</p> <p>DATE RECEIVED _____</p> <p>REFERENCE NUMBER(S) _____</p> <p>-----</p> |
| <p><b>VENDOR ADDRESS</b></p>  |  |

— (fold) —

**The invoice referenced above is disputed for the following reasons:**

- |   |  |
|---|--|
| <input type="checkbox"/> Goods/Services not received  | <input type="checkbox"/> Duplicate billing                     |
| <input type="checkbox"/> Noncompliance with contract  | <input type="checkbox"/> Invoice belongs to another department |
| <input type="checkbox"/> Incorrect billing/amount due | <input type="checkbox"/> Damaged goods                         |
| <input type="checkbox"/> Partial shipment received    | <input type="checkbox"/> Invoice not properly executed         |
| <input type="checkbox"/> Other _____                  |  |

**THIS NOTIFICATION IS A FOLLOWUP TO A PHONE CONVERSATION WITH THE PERSON FROM YOUR COMPANY WHOSE NAME APPEARS BELOW**

|            |                            |
|------------|----------------------------|
| NAME _____ | DATE OF CONVERSATION _____ |
|------------|----------------------------|

**IF YOU HAVE ANY QUESTIONS REGARDING THIS DISPUTE, CONTACT:**

|            |  |
|------------|--|
| NAME _____ | TELEPHONE NUMBER (include Area Code) _____ |
|------------|--|

— (fold) —

|   |   |                             |               |                  |  |       |  |       |  |
|---|---|-----------------------------|---------------|------------------|--|-------|--|-------|--|
| <p><b>RETURN THE GOLDENROD COPY OF THIS NOTIFICATION WITH THE CORRECTED INVOICE</b></p> <p>(For your convenience, the return address has been positioned for use in a window envelope.)</p> <div style="border: 1px solid black; height: 60px; width: 100%;"></div> | <p><b>FOR STATE AGENCY USE ONLY</b></p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">DATE DISPUTE RESOLVED _____</td> <td>INITIAL _____</td> </tr> <tr> <td colspan="2">RESOLUTION _____</td> </tr> <tr> <td colspan="2">-----</td> </tr> <tr> <td colspan="2">-----</td> </tr> </table> | DATE DISPUTE RESOLVED _____ | INITIAL _____ | RESOLUTION _____ |  | ----- |  | ----- |  |
| DATE DISPUTE RESOLVED _____   | INITIAL _____   |                             |               |                  |  |       |  |       |  |
| RESOLUTION _____  |   |                             |               |                  |  |       |  |       |  |
| -----   |   |                             |               |                  |  |       |  |       |  |
| -----   |   |                             |               |                  |  |       |  |       |  |

**RETURN TO:**

- DISTRIBUTION:**
- White — Vendor
  - Canary — Purchasing
  - Pink — Accounting
  - Goldenrod — Vendor (To be returned to agency)
  - Blue — File