LATE PAYMENT PENALTIES **8474**
(Revised 03/11)

Chapter 927 of the Government Code, also known as the California Prompt Payment Act (the Act), requires state departments to automatically calculate and pay late payment penalties if they fail to make payments by the date required in the Act for the following:

- Properly submitted, undisputed invoices
- Grant claims for victim services or prevention programs
- Refunds or other undisputed payments due to individuals

The payment due date required in the Act 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. Payment is defined as the issuance by a warrant or a registered warrant by the Controller, or the issuance of a revolving fund check by a department.

Late payment penalties shall not be paid when payees elect to return registered warrants to the state.

State departments shall pay penalties if a correct claim schedule is not submitted to the Controller within 30 calendar days and payment is not issued within 45 calendar days. The Controller shall pay penalties if payment is not issued with 15 calendar days of receipt of a correct claim schedule and payment is not issued within 45 calendar days. On an exception basis, departments may avoid late payment penalties by making payments through the Office Revolving Fund or utilizing the Controller's claim schedule expedite service.

The DGS will not approve contracts with invoice payment terms exceeding 45 days.