



Minnesota Management & Budget Statewide Operating Policy

Minnesota Management and Budget, Accounting Services
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Prompt Payment Processing

Objective

To ensure that all payments made by the State of Minnesota take advantage of early payment discount periods. If no discount applies, the invoice must be paid with 30 days following receipt of the invoice, merchandise, or service, whichever is later. [Minnesota Statute 16A.124](https://www.revisor.mn.gov/statutes/?id=16A.124) (<https://www.revisor.mn.gov/statutes/?id=16A.124>).

Policy

State agencies shall pay each valid vendor obligation within the vendor's early payment discount period. If a vendor does not have an early discount period, the invoice must be paid within 30 days following receipt of the invoice or completed delivery of the product or service.

A state agency that bills another state agency for a service or commodity is considered a vendor like any non-state vendor.

The SWIFT prompt pay date is computed by adding 30 days to the invoice receipt date or the goods/services receipt date, whichever is greater.

Invoice Errors

If an invoice is incorrect or otherwise unpayable, an agency must notify the vendor within 10 days. Once a correct invoice is received, all agencies must pay the corrected invoice within the early discount period or 30 days.

Interest Charges

If a vendor has not received payment on a valid invoice within 30 days, the vendor can bill the agency for interest at the rate of 1.5% per month or fraction thereof. The minimum interest charge on invoices of \$100 or more is \$10 per month. The agency should pay the actual penalty due to the vendor on unpaid balances less than \$100. All interest penalties and collection costs must be paid from the agency's current operating budget.

Interest charges, if any, should *not* automatically be added to a late payment. The vendor must invoice the agency for the interest charges.

Exceptions

- The Department of Human Services must notify hospitals receiving reimbursement under the medical and general assistance medical care programs within 30 days if they discover an incorrect or improper invoice.
- The Commissioner of Human Services must pay or deny a valid vendor obligation for health services under the general assistance medical care or Minnesota Care programs within 30 days.
- Adjustment claims that have been prepared in accordance with the commissioner's published specifications, must be adjudicated within 90 days after receipt.

Related Information

[Annual Prompt Payment Report](http://mn.gov/mmb/mmbhome/reports/index.jsp) (<http://mn.gov/mmb/mmbhome/reports/index.jsp>)