



### 6.1.9 Automatic Late Payment Interest

Chapter 6 - Fiscal	Original Effective Date: July 2000
Section: 6.1 Accounting	Date Last Reviewed: May 2017
Responsible Entity: Assistant Vice President for Business Affairs	Date Last Revised: May 2017

#### I. Purpose

To establish fiscal responsibility for automatic late payment interest charges.

#### II. Scope

This policy applies to all departments of UT Health San Antonio in regards to any late payment interest charges incurred by their project ID.

#### III. Policy

##### A. General Policy

On September 1, 1999, the [Prompt Payment Law](#) was adopted by the State Legislature. This legislation mandates that all state agencies and institutions of higher education automatically pay interest owed to suppliers for late payments. Previously, the supplier was required to file a claim for late payment interest in order to receive payment.

Statutory interest is mandated starting 30 days from the date goods and services are received, or the date the invoice is received, whichever is later. Interest is calculated at a rate established by the State Comptroller’s Office. Payment of interest applies to the purchase of “goods and services”. Most purchases will fall into the scope of goods and services; however, payrolls, prepayments, and reimbursements are not included.

##### B. Procedures

It is highly recommended that all invoices received within each department be date stamped to show the date of receipt. If late payment interest is incurred, the interest payment will be charged to the project ID on the payment. Expenditure account 704001 will be used.

**IV. Definitions**

*There are no defined terms used in this Policy.*

**V. Related References**

*There are no related documents associated with this Policy.*

**VI. Review and Approval History**

- A. The approving authority of this policy is the University Executive Committee.
- B. The review frequency cycle is set for three years following the last review date, a time period that is not mandated by regulatory, accreditation, or other authority.

<b>Effective Date</b>	<b>Action Taken</b>	<b>Approved By</b>	<b>Date Approved</b>
<b>07/2000</b>	Policy Origination	Executive Committee	07/2000
<b>05/2017</b>	Policy Review	Executive Committee	05/2017