

ACCOUNTS PAYABLE POLICY

It shall be the policy of Itasca County to provide for the prompt payment of bills within the confines of M. S. 471.425 and to establish a time limit in which claims may be submitted and authorized for payment.

A. Prompt Payment of Bills:

1. Definitions - For the purposes of this section, the following terms have the meanings here given them.
 - a) "Contract" - means any written legal document or documents signed by both parties in which the terms and conditions of any interest or other penalty for late payments are clearly stated.
 - b) "Date of receipt" - means the completed delivery of the goods or services or the satisfactory installation, assembly or specified portion thereof, or the receipt of the invoice for the delivery of the goods or services, whichever is later.
 - c) "Governing Board" - shall be the Itasca County Board of Commissioners.
2. Payment required - The County must pay each vendor obligation according to the terms of the contract or, if no contract terms apply, within the standard payment period unless the County in good faith disputes the obligation. Standard payment period is defined as within 35 day the date of receipt.
3. Invoice Errors - If an invoice is incorrect, defective or otherwise improper, the County must notify the vendor within ten days of receipt. Upon receiving a corrected invoice from the vendor, the County must pay the obligation with the standard payment period defined in (2).
4. Payments of Interest on late payments required -
 - a) The County shall calculate and pay interest to a vendor if the County has not paid the obligation according to the terms of the contract or, if no contract terms apply, within the standard payment period as defined in (2). The standard payment period for a negotiated contract or agreement between a vendor and the County which requires an audit by the County before acceptance and payment of the

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vendors invoice shall not be begun until the completion of the audit by the County.

- b) The rate of interest calculated and paid by the County on the outstanding balance of the obligation not paid according to the terms of the contract or during the standard payment period shall be 1 1/2 percent per month or part of a month.
 - c) No interest penalties may accrue against a purchaser who delays payment of a vendor obligation due to a good faith dispute with the vendor regarding the fitness of the product or service, contract compliance, or any defect, error or omission related thereto. If such delay undertaken by the County is not in good faith, the vendor may recover costs and attorney's fees.
 - d) The minimum monthly interest penalty payment that the County shall calculate and pay a vendor for the unpaid balance for any one overdue bill of \$100 dollars or more is \$10.00 dollars. For unpaid balances of less than \$100 dollars, the County shall calculate and pay the actual interest penalty due the vendor.
5. Applicability - This policy applies to all goods, leases and rents, and contracts for services, construction, repair and remodeling. Purchases from or contracts for service with a public utility as defined in M.S. 216B.02 or a telephone company as defined in M.S. 237.01 that has on file with the public utilities commission an approved practice regarding late fees are not subject to this policy.
6. Late Claims - all claims for payment shall be submitted promptly to the County. Late claims as defined as being received in excess of 180 days after the date of receipt shall not be authorized for payment. Nothing in this policy shall deny an individual any rights available for payment if claims as provided by state or federal laws.
7. Effective date - This policy shall be effective upon approval by the Itasca County Board of Commissioners.