

# Prompt Pay Background

- 1991 – Ordinance 724/91 Created Prompt Pay (effective 1/1/1992)
  - Payments to Vendors/Contractors not timely.
  - Ordinance included internal procedures and timelines, an internal penalty, and interest to the vendor.
  - \$1 Materiality
- 1992-1996 – Minor modifications
- 2001 – Ordinance 1121/2001 (effective 1/1/2002)
  - Partnered with Vendors/Contractors creating a win-win environment and establishing invoice requirements in order to prevent payment delays.
  - Placed ownership of payment responsibility with paying agency.
  - Standardize commencement date for interest calculation, established default term of Net-35, simplified language, eliminated internal timelines and procedures, abolished internal penalty, and automated process to utilize PeopleSoft.
  - Increased the materiality interest to \$10.
- 2003 and 2005 – Minor modifications
- 2007 – Ordinance 775/2007 – Modified for Charter Change creating a CFO and moving functions.



**DENVER**  
THE MILE HIGH CITY

# Proposed Revisions to Prompt Pay Ordinance

- P2P was implemented in September 2010 and changed the City's process for paying vendors. The revision would simplify the ordinance by providing the "City" 35 days to pay the invoice rather than the agency 25 days and the Controller's Office 10 days.
- Based on feedback from vendors, increases the minimum amount of a single instance of Prompt Payment interest from \$10 to \$50. The City would not pay any interest less than \$50.

# Prompt Payment Interest and Early Pay Discounts

