

QUICK REFERENCE GUIDE

December 19, 2023

Prompt Pay Calculation in SWIFT

Minnesota Statute 16A.124 requires State agencies to promptly pay their suppliers. Prompt Payment Processing Policy # 0801-01 requires agencies take advantage of early payment discount periods. If no discount applies, agencies must pay the invoice within 30 days following receipt of the invoice or receipt of merchandise or service, whichever is later. See [Prompt Payment Processing Policy #0801-01](#) for additional details.

Minnesota Management and Budget (MMB) established a statewide goal of 98% of payments to be made within 30 days.

SWIFT calculates the Prompt Pay Day by taking the greater of the Invoice Receipt Date or the Goods/Services Receipt Date and adding 30 days.

If the Payment Date is greater than the Prompt Pay Date, the voucher is considered a late payment. There are two exceptions. The Reason Code is populated with an excluded code or the voucher has an Account Code greater than "499999."

Pay Reasons marked with an asterisk (*) are excluded the Prompt Pay Report as late payments.

Pay Reason	Description
* Audit prior to payment	Use when an audit of the work is performed. Invoice and documentation are required prior to authorization to pay, such as Prevailing Wage Report and IC-134.
* Contested	Use for incomplete orders, damaged goods, missing parts, inadequate goods or services, wrong price invoiced, and other issues with the good or service.
Field Purchase Order	Use when a Field Purchase Order is needed for an immediate need situation. You must follow State policy.
Late Payment	Use when the payment is late and no other Pay Reasons apply.
* Retainage	Use when paying retainage according to the contract terms.
* Revenue Set Off	Use when there is revenue set off, such as part of the payment is taken and applied to money owed.

* Testing prior to payment	Use when goods must be tested to assure they are satisfactory prior to authorization to pay.
* Supplier failed to provide TIN	Use when the supplier is untimely in establishing their Supplier ID in SWIFT.

Dates on the voucher used to determine the Payment and the Prompt Pay Dates

Date Field	Description
Created	Date the voucher was entered
Modified	Date the voucher was last updated
Invoice Date	Supplier's Invoice Date
Invoice Receipt Date	Date the invoice was received
Goods Receipt Date	Date the goods were received
Prompt Pay Date	The greater of the Invoice Receipt Date or the Goods Receipt Date plus 30 days
Scheduled Due	Invoice Date plus the Pay Terms or manually keyed by the user
Net Due	Invoice Date plus the Pay Terms
Payment Date	Date of the Payment

For SWIFT to pick up a voucher for payment, the Scheduled Due Date on the voucher must be between the pay from and pay through dates on the pay cycle. Vouchers that meet these criteria and have been posted and approved will be included in the nightly batch.

The Payment Date for vouchers processed in the nightly batch will be the next business day. For example, vouchers processed for payment in the Friday night batch would be dated for Monday. If Monday is a holiday, they would be dated for Tuesday.

To ensure that payments reach suppliers in a timely manner, SWIFT adds one day for ACH suppliers and two days for check suppliers.

For example, vouchers with a Net Due Date of 03/31/2024 would have a Payment Date of 03/29/2024. For suppliers paid electronically, SWIFT would look for payments scheduled through 03/30/2024. These payments would have a Payment Date of 03/29/2024 and settle in the supplier's bank on 03/30/2024. For suppliers paid by check, SWIFT would look for payments scheduled through 03/31/2024. The Payment Date would be 03/29/2024 and these checks would be mailed the morning of 03/29/2024.

Payment Schedules by Pay Method

Pay Method	Voucher Created	Invoice & Goods Received	Prompt Pay Date	Invoice Date	Pay Terms	Net Due Date	Scheduled Due	Pay Date
ACH	3/28/2024	3/21/2024	4/20/2024	3/21/2024	Net 10	3/31/2024	3/30/2024	3/29/2024
CHK	3/28/2024	3/21/2024	4/20/2024	3/21/2024	Net 10	3/31/2024	3/31/2024	3/29/2024

Default Pay Terms

- SWIFT defaults most suppliers with Pay Terms of “30.” Targeted suppliers’ default to Pay Terms of “15.” Suppliers that signed up for the US Bank virtual payment program default to “000.” Interagency payments and Virtual Payments are processed in separate pay cycles.
- Interagency payments made via bilateral netting process pay immediately with a Payment Date of the following business day.
- Pay terms along with Invoice Date and discount dates drive the Scheduled Due Date and ultimately the Payment Date. Vouchers that miss the discount due date will pend for 30 days.