

Part: **Public Money and Property**
 Section: **General Revenue Fund and Revolving Funds**
 Subsection: **Payments from the GRF**
 Policy: **Interest on Late Supplier Payments**

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Interest on Late Supplier Payments

Objective

The objective is to provide for the payment of interest on late supplier payments.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Treasury Board Policy

- .01 Interest is paid on supplier payments which are paid more than 15 days after the 30 day payment policy. Refer to [Section 3150 Timing of Supplier Payments](#). Interest is paid at the prime of the Government's principal financial institution, and is automatically charged to the initiating ministry's appropriation when payment is issued.
- .02 On occasion, other interest payment terms are required. Approval for such terms is required from the Deputy Minister of Finance.

Provincial Comptroller Directives

Automatic Interest

- .03 Where a supplier payment has been delayed by more than 15 days after the 30-day payment goal (i.e., a total of 45 days from the later of the goods/services received date or the invoice received date), interest due the supplier is automatically calculated. Refer to the [Accounting Manual, Appendix H Central System Processing](#) for details regarding the automatic calculation. The Financial Systems Branch, Provincial Comptroller's Office, Ministry of Finance updates the related rate of interest on a monthly basis, as required.
- .04 Supplier invoices for interest are generated in the Government's central financial system on a monthly basis where interest is calculated to be \$5 or more per interest invoice. Interest is assigned back to ministries in accordance with the chart of accounts coding entered to the central financial system for an invoice.
- .05 Ministries are responsible for reviewing and approving the interest invoices for payment. If an interest invoice should not be approved, ministries must document the reason and advise the Financial Systems Branch, Ministry of Finance.

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Exceptions for Interest

- .06 Interest is not paid to employees and board members, Saskatchewan Government ministries (including revolving funds), the federal government, other provincial/territorial governments, Crown corporations or other government related entities as defined by inclusion in the Government's Summary Financial Statements. Ministries are responsible for identifying other vendors that are not eligible to receive interest and notifying the Financial Systems Branch, Ministry of Finance.
- .07 Payments to suppliers that are categorized as transfers are not subject to the automatic calculation of interest. Ministries may manually calculate interest for late payments to suppliers who have provided goods/services to individuals outside of the Government (e.g., payments to retailers for school supplies for Saskatchewan Assistance Plan recipients).
- .08 Other interest terms approved include:
- The Ministry of Highways and Infrastructure may pay interest on final payments for completed construction contracts after more than 60 days following satisfactory completion, providing contracts include a clause approved by the Ministry of Justice setting forth the terms and conditions under which interest will be paid.
 - Ministries may pay interest on SaskTel invoices overdue in excess of 30 days from the billing date. Interest may be paid in accordance with the rates charged for late payments by SaskTel.
 - Ministries may pay interest on overdue purchase card balances. Interest may be paid in accordance with the rates charged for late payments by the purchase card provider.
- Ministries must process the above interest terms manually.
- .09 Refer to the [Accounting Manual, Appendix H Central System Processing](#) for information regarding the recording of interest.

References

- [3100 Payments from the GRF](#)
[3101 GRF Payment Responsibilities](#)
[3130 Air Billing Accounts](#)

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[3134 Travel Cards](#)

[3150 Timing of Supplier Payments](#)

[3154 Purchase Cards](#)

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