

## The Illinois Payment Process

### From Service to Payment

The Illinois payment process can appear daunting and confusing to someone encountering it for the first time. Terms like invoice, voucher, and warrant can cause a good deal of confusion, even to those who have been around the process for a long time. In this introduction to the payment process, the basic flow from service to final payment is described. It is meant to provide the basic knowledge to understand the process. However, there are many special circumstance and complications that can cause some variation to the process described in this introduction. For this reason, readers are encouraged to consult the Illinois Comptroller's SAMS Manual, in particular sections 11 and 15, for answers to questions about specific payment scenarios (<http://www.ioc.state.il.us/index.cfm/linkservid/60F208B2-1CC1-DE6E-2F4808A951E543C6/showMeta/0/>).

The Illinois payment process begins with a vendor or service provider contracting with a state government agency to provide a good or service. Once the vendor or service provider supplies the good or completes the service, they submit a bill for the work performed or the good provided to the state agency they contracted with. This bill is called and **invoice**. Once the invoice is received by a state agency, the agency must verify that work or good meets the specifications of the contract. Once the state agency confirms that work or good meets specification, the invoice is certified as a valid bill. Being certified as a valid bill moves the vendor one step further down the path to being paid. The date on which the invoice is certified as valid is known as the **proper bill date**. The proper bill date is important, because it is from this date that prompt payment interest is calculated, if the good or service is eligible for prompt payment interest under the Illinois prompt Payment Act. The proper bill date is also important because even though the vendor starts the clock on payment from the time they mail in their bill/invoice to the agency, the state does not officially start the clock until the bill is certified and assigned a proper bill date.

Now that a proper bill date has been determined, the agency can request that the Illinois Office of the Comptroller (IOC) pay the vendor with money drawn from state funds. In order to request that the IOC pay the vendor, the agency must send a **voucher** to the IOC. A voucher is an official form that contains all of the information necessary for the IOC to release state funds to pay a vendor. A voucher can be transmitted to the IOC either electronically or in paper form. The agency that receives the invoice and creates the voucher is called the **vouchering agency**. It is important to remember that without a properly executed voucher submitted to the IOC, a payment cannot be made. It is also important to note that there may be a delay between the time the invoice is certified and a voucher is sent to the IOC. This delay can be for a number of reasons. For instance, the vouchersing agency may be waiting for appropriation authority; the vouchersing agency may delay sending the voucher to the IOC until they are sure that there is sufficient money in the fund to pay the voucher; or the agency may be holding the voucher to fulfill a certain policy goal, such as managing payment cycle.

Once the voucher reaches the IOC there are two factors that will determine how fast it is paid. If the voucher is paid out of a fund that has sufficient cash available, the payment may go out almost immediately. If the voucher is paid out of a fund that does not have sufficient cash, or is being cash managed, the payment may be delayed for a period of time before it is released. Two terms to note are **fund** and **cash managed**. A fund is essentially a special state checking account. There are many state funds for various purposes. A fund that you may hear referenced quite often is the General Revenue Fund (GRF). The GRF is the fund through which many state payments are made. GRF, as well as many other funds, are cash managed. Cash managed funds are funds in which payments are prioritized by IOC cash managers to maximize the amount of payments with the cash available and to meet certain policy goals. Once the IOC determines that a voucher can be paid, a warrant is created. A **warrant** is essentially the state version of a check. Once the warrant/check is sent to the vendor via the mail or electronic funds transfer (EFT), the payment cycle is complete.