

## 5.005 - Method of Payment for County Contractors, Vendors, and Other Payees

Effective Date: 04/03/18

### **PURPOSE**

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To ensure that Los Angeles County (County) payments are disbursed in the most appropriate, efficient, secure, and timely manner possible.

### **REFERENCE**

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2016-2021 County of Los Angeles Strategic Plan, Strategy III.2.3 Prioritize and Implement Technology Initiatives That Enhance Service Delivery and Increase Efficiency

[April 3, 2018 Board Order No. 13](#)

### **POLICY**

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This Policy is applicable to all County contracts and agreements for services, supplies, equipment, and commodities.

It is the County's policy that payments to contractors, vendors, and other payees shall be issued in the most appropriate, efficient, secure, and timely form that is legally permissible and generally recognized and accepted as a standard for settling commercial transactions in the United States. The Auditor-Controller (A-C) has determined Electronic Fund Transfer (EFT) or direct deposit is the form of payment best suited to fulfill this policy, unless when legal or legitimate practical considerations require an alternate payment form.

All new, renewed, and amended County contracts and agreements shall include language stipulating that: (1) payments shall be issued in the most appropriate, efficient, secure, and timely form; (2) the default payment form shall be by EFT or direct deposit, unless the A-C determines an alternative payment form is appropriate; and (3) contractors, vendors, and other payees must furnish to the County, upon request, banking, identifying, electronic contact, and other information that is reasonably necessary to process the payments.

The A-C shall develop policies and procedures to ensure that County disbursements are made in accordance with this Policy.

### **Exceptions**

Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT shall supersede this Policy with respect to those payments.

Contractors, vendors, or other payees may submit a written request for an exemption to this Policy. Such request must be based on specific legal, business or operational needs and explain why the payment method designated by the A-C is not feasible. The A-C, in consultation with the contracting department(s), shall decide whether to approve the exemption requests.

**The following language shall be incorporated in substantially similar form in all solicitations, County contracts, renewals, and amendments:**

### **Method of Payment and Required Information**

The County may, at its sole discretion, determine the most appropriate, efficient, secure, and timely form of payment for any amounts due for goods and/or services provided under an agreement or contract with the County. Proposers/Contractors further agree that the default form of payment shall be Electronic

Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by the Auditor-Controller (A-C).

Upon contract award and at the request of the A-C and/or the contracting department, the Contractor shall provide the A-C with electronic banking and related information for the Contractor and/or any other payee that the Contractor designates to receive payment pursuant to this agreement or contract. Such electronic banking and related information includes, but is not limited to: bank account number and routing number, legal business name, valid taxpayer identification number or TIN, a working e-mail address capable of receiving remittance advices and other payment related correspondence, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit shall supersede this requirement with respect to those payments. Upon contract award or at any time during the duration of the agreement or contract, a contractor may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or operational needs and explain why the payment method designated by the A-C is not feasible and an alternative is necessary. The A-C, in consultation with the contracting department(s), shall decide whether to approve exemption requests.

**RESPONSIBLE DEPARTMENT**

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Auditor-Controller

**DATE ISSUED/SUNSET DATE**

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Issue Date: April 3, 2018	Sunset Review Date: April 3, 2022
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