

Title:	Interest on Overdue Accounts Directive
Treasury Board Directive #:	04~85
Date Originally Signed:	June 17, 1985
Amended by:	15~94
Latest Update:	June 1, 1999
Pursuant to Financial Administration Act, sections:	5, 7, 47

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1. Departments, provincial agencies and regulated funds are authorized to pay interest on overdue accounts with the approval of the
 - a) Senior financial officer of the department, provincial agency or regulated fund where the proposed interest payment is for an amount of \$250 or less;
 - b) Deputy head, fund administrator or agency head where the proposed interest payment is for an amount exceeding \$250 but not exceeding \$5,000, and
 - c) Treasury Board where the amount exceeds \$5,000.
2. Notwithstanding section 1 departments, provincial agencies and regulated funds are authorized to pay interest on overdue utility invoices only if such payment is
 - a) required under a Public Utilities Board ruling, or
 - b) authorized pursuant to section 288 of the Municipal Government Act.
3. Individuals authorizing interest payments pursuant to section 1 shall ensure that
 - a) interest is paid only where a vendor has initiated a properly documented claim;
 - b) other than in exceptional cases interest payments are not made
 - i) where the government payment to the vendor was made within 45 days of the invoice date, or
 - ii) where the interest claim is less than \$5.00;

- c) the interest rate used to calculate the interest payment is the lesser of the vendor's stated rate or prime plus 2%;
- d) interest is not paid
 - i) to a recipient of a grant payment,
 - ii) to a local government body,
 - iii) for salary, wages, benefits or expenses owned by the Government to an employee of the Government in respect to that employment, or
 - iv) on Provincial and Federal Government transfer payments and tax agreements.
- 4. This directive applies to all departments, provincial agencies and fund administrators except those provincial agencies and fund administrators which are exempt by regulation from sections 36, 37 and 38 of the Financial Administration Act.
- 5. This directive does not apply to the Health Care Insurance Fund.
- 6. Departments, provincial agencies and regulated funds shall be responsible for absorbing interest payments to which they agree.
- 7. Treasury Board Directive 08~81 is hereby rescinded.