

## **Payment Term Options - Frequently Asked Questions**

CAI is implementing “pay when paid” as the new default payment term for the contract, replacing the previous Net 30 option. To provide more information on this change and to address frequently asked questions regarding the change, we have created this FAQ document, which will be updated as additional questions are asked and/or information becomes available.

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### **Why did CAI make this change?**

Pay-when-paid terms are an industry standard across public sector MSP programs. Although CAI offered different payment terms previously, the contractually required payment term for CAI to subcontractors has always been pay-when-paid. The decision was made to bring our default payment cycle into alignment with the requirement within the contract and ensure consistency across our MSP programs. We continue to offer the opportunity for suppliers to select from “prompt payment” options that are not dependent on payment from the client.

### **When will this change go into effect?**

The new payment term will go into effect for labor submitted and approved after October 1<sup>st</sup>, 2022.

### **What is needed from my company as part of this?**

If your company is currently being paid at the Net 30 terms, your payment terms will automatically switch to the “pay when paid” option on October 1<sup>st</sup>, 2022, unless your company submits an Amendment selecting a different payment term. If you are currently being paid at one of the expedited payment terms, your company will remain at those terms, unless your company submits an Amendment selecting a different payment term.

### **Is there any schedule I can refer to with payment under these new terms?**

CAI makes its best efforts to bill the agency around the 15<sup>th</sup> of every month for the previous month’s approved timesheets. Please note that this is dependent on accurate time entry and approval. Assuming that the agency issues payment promptly, payment can be expected sometime around the end of the following month (as an example, January time is billed on February 17<sup>th</sup> with payment due to CAI by March 18<sup>th</sup>; CAI pays you net 7 days after receipt). The agency typically takes a day or two to receipt the invoice, so their clock starts slightly later than CAI’s. Payment receipt times are also dependent on whether the agency pays CAI via ACH or check. This can and will influence payment time frames. Finally, keep in mind the effect that holidays can have on payment.

### **My company is small and this proves a cashflow problem. What can I do?**

Please ensure that your company is setup to receive payments via ACH. This is the quickest and most efficient way to be paid. To set up ACH, please contact [Accounts.Payable@cai.io](mailto:Accounts.Payable@cai.io).

In addition, all suppliers have the option to change their payment terms if desired. In the sub agreement, there are two prompt pay options that may be selected which are **not** dependent on payment from the client. The available payment options are:

- Pay when Paid, Net 7 days (described in this document)
- Net 2 Day Payment Terms:
  - Payments are made on the 8<sup>th</sup> of the subsequent month for the previous month's labor that is approved in the VMS no later than the 5<sup>th</sup> day of the subsequent month, subject to a discount of three percent (3%) of the invoice amount retained by CAI.
  - For example, January labor approved by the 5<sup>th</sup> of the February will be released in payment to the supplier by February 8<sup>th</sup> with 3% of the total amount retained by CAI.
- Net 15 Day Payment Terms:
  - Payments are made on the 23<sup>rd</sup> day of the subsequent month for the previous month's labor that is approved by in the VMS by the 19<sup>th</sup> day of the subsequent month, subject to a discount of one percent (1%) of the invoice amount to be retained by CAI.
  - For example, January labor approved by the 19<sup>th</sup> of the February will be released in payment to the supplier by February 23<sup>rd</sup> with 1% of the total amount retained by CAI.

To change your payment terms, please submit a newly signed sub agreement to our supplier management portal: <https://cai.service-now.com/sm>

### **Does CAI do anything to ensure prompt payment from the agency?**

Yes, CAI monitors payments daily and weekly. Follow up is done as soon as payment is late. CAI personnel (contract management) have a line of communication with their clients to ensure they understand the importance of prompt timesheet approvals, as well as prompt processing of invoices and payments.

### **Does CAI do anything if the agency is late with payment?**

CAI tracks incoming payments. Once payment is late, follow up is done immediately with the client. Additionally, CAI personnel communicates with the client contacts on the importance of prompt time approval, as well as processing of invoices.

### **In my Workday portal, the invoice and the due date are the same (the 8<sup>th</sup>), why is this?**

The "Invoice Date" that appears represents the date you as the supplier would have invoiced CAI. Since CAI no longer requires invoice submittal because payment is made based on approved time, Workday populates the date of the 8<sup>th</sup> as the supplier invoice date. This date has no impact on the processing of the payments.

The "Due Date" represents the earliest when CAI could process payment to you. Since the date is the same as the "Invoice Date", that is what allows CAI to process the payment to you as soon as CAI receives payment from the agency (plus the 7-day processing time). If CAI would use a date of 30 days plus 7, the system would hold the invoice until those 37 days had passed.

### **In my Workday portal, I can see an 'On Hold' status next to my payment. What does this mean?**

Since your company is pay when paid, the payment is 'On Hold' until CAI receives payment from the agency. Once this occurs, the status of 'On Hold' will disappear indicating that payment will be made to your company.