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|                                        |          |
|----------------------------------------|----------|
| <b>FISCAL POLICIES MANUAL .....</b>    | <b>1</b> |
| <b>CONVENIENCE FEES .....</b>          | <b>1</b> |
| <b>PREFACE .....</b>                   | <b>1</b> |
| <b>DEFINITIONS .....</b>               | <b>1</b> |
| <b>POLICY .....</b>                    | <b>1</b> |
| <b>ADMINISTRATIVE PROCEDURES .....</b> | <b>2</b> |

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# FISCAL POLICIES MANUAL

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## CONVENIENCE FEES

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### PREFACE

In an effort to improve customer service and maximize efficiency in state government, a third party may be used to provide information, goods, or services to the public. The third party providers may charge a convenience fee for providing the information or service and collecting any associated fees. This policy provides guidance on accounting for State revenue and third party convenience fees.

### DEFINITIONS

Convenience Fee – A fee charged by a third party provider who acts as an intermediary between the public and an agency in the providing of information or the sale of goods or services.

Third Party Provider – The third-party provider that has a contractual agreement to provide information or services on behalf of the agency and to collect the associated fees.

### POLICY

Idaho Code or Administrative Rule will usually dictate the fee charged to the public for information, goods, or services. Agencies need to determine whether statute or rule allows the use of a third party provider and allows charging the public a convenience fee. Idaho Code and Administrative Rule should be reviewed to determine whether legislative approval is needed for the use of a third party provider and for charging the public a convenience fee.

Agencies should negotiate with the third party to determine the convenience fee to be charged. The contractual agreement between agencies and the third party provider should include the convenience fee charged, the requirements for remitting State revenue to the agency or State Treasurer, and the reporting of the dollar amount of convenience fees collected.

Accounting for the convenience fee and the fees collected for the information, goods, or services (agency revenue) should be kept separate. The convenience fee should be acknowledged as an additional fee charged and made visible to anyone paying the fee. Revenue for the information, goods, or services provided by a third party should be transmitted to the agency or deposited with State Treasurer, net of the convenience fee. If an agency receives less than the fee amount established by Idaho Code or Rule, an expense should be recognized.

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## **ADMINISTRATIVE PROCEDURES**

Idaho Code or Administrative Rule will dictate the fee charged and the amount transmitted as State revenue. If an agency has a contractual agreement with the third party provider to receive less than the established fee, an expense should be recognized.