

COMPTROLLER POLICY MANUAL

	POLICY: CMP 401-08
	Section: 400 Disbursements
	Page 1 of 1
	Responsible office: Comptroller
	Origination date: 01/01/2000
Subject: Prepayments	Effective date: 01/01/2000
	Revision date: 02/06/2017

PURPOSE

To provide guidance for prepayment of purchase orders and contracts

SOURCE

Contracting and Purchasing Services

POLICY

CMP 401-08: Prepayments

Please refer to [Purchasing Policy 600-04-01](#)

Prepayment of purchase orders and contracts should not occur unless it is standard industry practice or unusual/extenuating circumstances exist. Prepayment may be acceptable, however for:

1. Purchases under \$5,000 made via one of the university’s small dollar purchasing methods.
2. Subscriptions, where usual industry practices require payment in advance, but not to exceed three years.
3. Memberships in professional associations, where such memberships have demonstrated value to the university.
4. Equipment maintenance services, where such services are preformed within the budget period, except that if the service begins in July, payment may be made late in the prior fiscal year.
5. Software maintenance and upgrade services, where such services are performed within the budget period, except that if the service begins in July, payment may be made late in the prior fiscal year.
6. Registrations fees required in connection with attendance at conventions, conferences, and official meetings.
7. Purchases other than the above for \$5,000 or more for unusual or extenuating circumstances, as approved by both the director of Contracting and Purchasing Services and the associate vice president for finance.

Performance bonds or other guarantees may be required if prepayment is approved.

If the vendor fails to provide the services or goods after any prepayment, the paying department will incur the loss.