

CONTRACTING AND PURCHASING SERVICES POLICY MANUAL

 NORTHERN ARIZONA UNIVERSITY	POLICY PUR 600-04
	Section: Receipt and Payment
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	Responsible office: Purchasing
	Origination date: 07/01/1996
Subject: Prepayment	Effective date: 07/01/1996
Source: University policy A.R.S.35-181	Revision date:

PURPOSE

To establish guidelines for prepayment of purchase orders and contracts.

POLICY

PUR 600-04-01: Prepayments

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 performed 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. Registration 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 and treasurer.

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.

In some cases, vendors who request prepayment will negotiate the receipt of progressive payments as services and/or product deliveries are made to NAU instead of a single lump sum prepayment.