



3.2.8.2 Payments to Accompany Order/Advanced Payments

Policy Statement

When the University commits to a purchase from a vendor, the vendor is expected to have adequate resources or working capital in order to provide the needed goods or services. An advance payment to the vendor incurs additional costs for the University, presents risk of loss of the funds advanced in case of vendor bankruptcy, and reduces the University's ability to negotiate in a dispute. Accordingly, the University does not make full or partial advance payment to vendors except as allowed by this procedural statement or its stated exceptions. In all cases, a Vendor Profile Form must be on file for advance payments, as outlined in the [Vendor Creation and Maintenance Policy](#). A payment to accompany order is a type of advance payment.

Reason for policy

To establish the circumstances under which an advance payment may be made to a vendor.

Procedures

In general, the University does not remit payment to a vendor until goods have been received or services have been provided. Advance payments are generally not allowed except when it is mandatory in order to obtain the goods or services and no alternatives are available. If advanced payment is required under the terms of the purchase, the UGA mart requisition must be accompanied by either an invoice, an order form from the vendor, or other price supporting documentation. When prepayment is required, the end user should indicate this requirement in the UGA mart internal notes area, and the resulting purchase order will include the pre-payment instruction.

Depending on the nature of the procurement, UGA Procurement Office may contact the end user department to ensure they understand the business risks associated with the prepayment and ask for written confirmation that the department is willing to assume these risks. Additionally, if a restricted or sponsored account is involved, Sponsored Programs Post Award Accounting must approve the advance payment.

The following are examples of previously approved prepayments:

- orders placed with the U.S. Government Printing Office,
- publications, subscriptions, books, reprints, films, videos, audio and visual teaching aids,
- computer software and licenses,
- annual payments for maintenance of scientific/medical equipment or office equipment, or for IT maintenance (software/hardware)
- fees paid to government agencies,
- rental of exhibit space and registration fees,
- purchase of travel arrangements through an authorized travel agency, or for a study abroad program,
- postage.

Additional contacts

Accounts Payable: 706-542-2786

Sponsored Programs Post Award Accounting: 706-227-5389

Responsibilities

Responsible University Senior Administrator: Vice President for Finance & Administration

Responsible University Administrator: Procurement Officer

Policy Owner: [Procurement](#)

Policy Contact: [Robert Currey](#)

Phone Number: 706-542-2361

Responsibilities: *It is the responsibility of the business manager of the end using department to justify the need for an advance payment and approve such payment. Additional approval is required from Sponsored Programs Post Award Accounting if a sponsored/restricted account is involved.*

Related information

[Policy 1: Vendor Creation and Maintenance for All Types of Purchasing/Payments](#)

[UGAmart](#)

Date Reviewed: 02/01/2018

[< Account Must Have Funds Prior to Travel and Expenditure Approval | Vendor Selection >](#)

Policy Dates

Effective Date: 01/01/2016

Date Last Updated: 06/13/2017

Date of Last Review: 02/01/2018

Date of Approval:

Previous Version of Policy: