

University Procedure P3-100A: Vendor Prepayments

I. Purpose and Scope

To clarify approvals which may be necessary when a vendor requires prepayment.

II. Definitions

See [Policy 3-100](#), Section II. Definitions

III. Procedure

A. In reference to Policy 3-100, Section III.D.2. (vendor prepayments)

1. This section of the policy on University Procurement addresses certain procedural issues – specifically, “Advance payments may not be made except to specified government agencies, vendors with minimum prepayment requirements, and in certain other cases as determined appropriate by Procurement.”
2. The University, through the purchasing process, is occasionally asked by suppliers to make prepayments as a condition of sale for goods that are to be delivered at a future date. The risk associated with these types of transactions requires that the University take additional steps to ensure that the University’s interests are protected.
3. Purchase orders over \$5,000 where prepayment has been requested by suppliers may require approval of the cognizant vice president and the Director of Procurement & Contracting Services before these types of payments can be made. Transactions that are for amounts larger than \$10,000 may also require the approval of the Vice President for Administrative Services or his/her designee.

4. This Procedure is not intended to apply to routine transactions such as subscriptions, scholarships, payments required by grants/contracts, leases, rents or any other prepayments that are routinely required and accepted as part of standard industry practice, and which fall outside the purchase order process.

IV. Rules, Procedures, Guidelines, Forms and other Related Resources

A. Policies

[3-100](#), University Procurement

B. Procedure *[reserved]*

C. Guidelines *[reserved]*

D. Forms *[reserved]*

E. Other related resource materials *[reserved]*

V. References

VI. Contacts

If you have questions concerning this Procedure, please contact the Director of Procurement & Contracting Services at (801) 581-6857.

VII. History

Procedure P3-100A added February 8, 2011 in response to Internal Audit recommendation to clarify when prepayments may not be appropriate or in the University's best interests.