

Memo to: UH-Downtown/PS Holders
From: Max Castillo
Subject: Advance Payment for Goods and Services

UH-Downtown/PS 05.C.04
Issue No. 1
Effective date: 11/01/99
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1. PURPOSE

This PS outlines the limitations on procurements requiring advance payment. This PS applies to all University of Houston - Downtown (UHD) departments and to purchases from all University funds except agency funds (ledger 9).

2. DEFINITIONS

2.1 Advance payment (or advance pay): Payment that is required by the vendor before actual delivery of the goods or services.

2.2 Pro forma invoice: An invoice or statement provided prior to receipt of the goods or service (possibly prior to ordering); therefore, involving no liability on the part of the University.

3. POLICY/PROCEDURES

3.1 Advance payment restrictions are subject to the guidelines of the State of Texas General Services Commission, and all other state, federal, and University restrictions.

3.1 Generally, state regulations restrict payments of state funds to only those suppliers for whom certification can be made that goods have been received or services rendered.

3.2 Under the limited circumstances outlined in this policy and depending upon the source of funds to be used and the justification of need, University departments are allowed to make payments in advance of receiving the goods or services.

3.4 Advance payments for goods and services are limited to the situations listed below.

3.4.1 Books and other published library materials, if reasonably necessary for the efficient operations of the university library.

3.4.2 Purchases of merchandise from federal agencies or other state agencies, provided advance payment will expedite the delivery of the merchandise.

3.4.3 Rent up to 14 days before the due date.

3.4.4 Newspaper or magazine subscriptions up to six weeks in advance of the renewal date.

3.4.5 Registration fee or rental fees for a meeting room or exhibit booth, as long as advance payment would serve a legitimate public purpose (any cost savings, limited enrollment, etc.).

3.4.6 Purchase of real property during the seven days before the closing date, if the University delivers the warrant to the seller no earlier than the closing date.

3.4.7 Annual maintenance agreements for services to be rendered in the same fiscal year for which the funds are budgeted.

3.4.8 When there is a legitimate public purpose for making the payment in advance; i.e., that advance payment saves University funds, and/or the only or preferred vendor requires advance payment.

3.5 The Education Code prohibits the expenditure of Higher Education Assistance Fund (HEAF) monies for

goods or services before their delivery. None of the listed allowable exceptions apply to HEAF.

3.6 Advance payment for goods and services to be made from sponsored project funds are subject to the restrictions of the granting agency.

3.7 For any advance payment, adequate documentation with the purchase document; i.e., pro forma invoice, order form stating requirement for advance payment, letter from the vendor, etc.

4. REVIEW AND RESPONSIBILITIES

Responsible Party (Reviewer): Purchasing Manager

Review: Biennial

President