A. PURPOSE

This procedure provides general guidelines for processing prepayments.

B. DESIGNATED STAFF

University Departmental Staff
Accounts Payable Travel Processors

C. PROCESSING CYCLE

Daily or as required for prepayments

D. REQUIRED RESOURCE MATERIALS

- eVA Purchase Order
- Memorandum
- Authorization for Purchase Form – Procurement Services website
- eReceiving in Banner for Purchase Orders
- Independent Personal Services Certification (IPSC) Form – Office of Finance website
- Industry Practice (IP) Checklist – Office of Finance website
- Worker Classification Review Questionnaire – Office of Finance website

E. GOVERNING POLICIES AND PROCEDURES

- CAPP Topic 20310 – Expenditures
- CAPP Topic 20315 – Prompt Payment
- ODU Procurement Manual

F. CROSS REFERENCE TO OTHER PROCEDURES

- Procurement and Payment for Goods and Services Training Manual (part of the Certificate in University Financial Management) – Office of Finance website

G. OTHER ODU OFFICES IMPACTED

- Office of Finance – Accounts Payable
- Procurement Services

H. INVOLVEMENT EXTERNAL TO ODU

Vendors who provide goods or services to ODU
I. PROCEDURE:

Payments may be processed to prepay for the purchase of goods or services before delivery of the goods or receipt of the services.

Prepayment Terms
Advance payments are subject to a maximum prepayment of 90 days. Advance payments cannot be made to vendors on the Comptroller’s Debt Setoff (CDS) list.

Processing of Prepayments
Prepayments submitted to Accounts Payable (AP) Travel Processors that are accurate and complete will be processed within 5 work days.

Routine prepayments allowed in accordance with the CAPP manual that are paid prior to June 30 will be charged to the current fiscal year.

Prepayment of Services for Individuals
An Independent Personal Services Certification (IPSC) form must be completed for any services procured from individuals.

Steps in the IPSC Process

1. Complete the IPSC form.
2. Complete the Industry Practice (IP) Checklist or the Worker Classification Review Questionnaire, as applicable.
3. If the IP Checklist can be used, submit the IPSC form and the IP Checklist with applicable procurement documentation (purchase order or memorandum) to Accounts Payable. Be sure a W9 is on file.
4. If the Worker Classification Review Questionnaire must be used, submit the IPSC form and questionnaire to Human Resources for review of worker classification.
5. If the IPSC form and questionnaire are approved by Human Resources, the forms will be returned to the department.
6. Submit the approved IPSC form, Worker Classification Review Questionnaire, and applicable procurement documentation (purchase order or memorandum) to Accounts Payable. Be sure a W9 or W8BEN is on file.
7. If the IPSC form is not approved by Human Resources, the individual must be paid as an employee. Submit the appropriate payroll documentation to the Payroll Office for processing.
Procurement Methods for Prepayments

1. **eVA Purchase Order**
   Purchase orders prepared for prepayments require eReceiving. Input a receiver in Banner utilizing the prepayment receiving method. Send the purchase order and supporting documentation to AP Travel. Ensure Prepayment is indicated on the purchase order.

   The following three types of prepayments are exempt from eVA processing:
   
   a. Honoraria
   b. Entertainment - speakers, lecturers, musicians, and performing artists
   c. Intercollegiate athletic game referees, officials, and umpires

   The use of the Standard Engagement Agreement will support requests for payments to vendors in the three categories shown above. An Independent Personal Services Certification form must be prepared for payments to individuals.

2. **Authorization for Purchase Form**
   The Authorization for Purchase form (PA01) may be submitted to process prepayments for goods and services to any government agency or to other vendors, if the fees are $500 or less.

3. **Memorandum**
   Include the following information when submitting memos to request payment of fees:
   
   - Budget Unit Director’s original signature
   - Purpose of Prepayment
   - Vendor Name, Number (UIN or FIN), and Address
   - Amount to be paid
   - Budget Code and Sub-account
   - Special handling instructions (mail check, deposit or mark for pick up)
<table>
<thead>
<tr>
<th>Types of Prepayments Required</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Advertising Expenses</td>
<td>Invoice or agreement</td>
</tr>
<tr>
<td></td>
<td>Tear sheet or copy of advertisement</td>
</tr>
<tr>
<td>2 Computer Hardware and</td>
<td>Invoice or contract service agreement</td>
</tr>
<tr>
<td>Software Maintenance Contracts</td>
<td></td>
</tr>
<tr>
<td>3 Convention and Educational</td>
<td>Registration form</td>
</tr>
<tr>
<td>Services (workshops, training</td>
<td>Copy of Pre-Approval Request, if applicable</td>
</tr>
<tr>
<td>seminars, and conference</td>
<td></td>
</tr>
<tr>
<td>registration)</td>
<td></td>
</tr>
<tr>
<td>4 Hotel or Motel Deposits</td>
<td>Copy of hotel reservation or hotel documentation that includes the applicable hotel rate</td>
</tr>
<tr>
<td></td>
<td>Copy of Pre-Approval Request, if applicable</td>
</tr>
<tr>
<td></td>
<td>List of participants names, titles and UIN (University Identification Number), if applicable</td>
</tr>
<tr>
<td>5 Insurance Premiums</td>
<td>Invoice</td>
</tr>
<tr>
<td>6 Licensing Agreements</td>
<td>Invoice or licensing agreement</td>
</tr>
<tr>
<td>7 Organization Memberships</td>
<td>Invoice or Membership Application</td>
</tr>
<tr>
<td></td>
<td>Original signature of the President or VP, if a purchase order is not prepared</td>
</tr>
<tr>
<td>8 Publication Subscriptions</td>
<td>Invoice or Subscription Application</td>
</tr>
<tr>
<td>9 Real Property and Equipment</td>
<td>Invoice or rental agreement</td>
</tr>
<tr>
<td>Rentals (rental of buildings for events)</td>
<td>Copy of business meal form, if applicable for the event</td>
</tr>
<tr>
<td>10 Travel via Public Carriers</td>
<td>Invoice or service agreement</td>
</tr>
<tr>
<td></td>
<td>List of participants names, titles and UIN (University Identification Number), if applicable</td>
</tr>
</tbody>
</table>
Records Retention:

Original prepayment documentation should be maintained in the Office of Finance agency file for three years.

Contacts:

For questions regarding this procedure and/or practice contact the Accounts Payable Manager at 683-6977 or the Accounts Payable Travel Supervisor at 683-5020.