

**Pre & Deferred Payment Policy**

This policy provides guidance on the treatment of pre-payments and deferred payments at the end of each fiscal year. Payment terms, or the processing of payments, may not be manipulated for the purposes of carrying funds across fiscal year boundaries or deferring current obligations for payment from future year's funds. The State of Arkansas General Accounting and Budgetary Procedures Law requires agency officials to certify that all disbursements are made in accordance with the terms of any applicable contracts, purchasing procedures, or other authority; that the services have been performed or the goods received; and that the vendor or payee is entitled to the full amount of the payment at the time that it is authorized.

**Pre-Payments**

In accordance with these guidelines, pre-payments may be made on a very limited basis where business custom dictates. Each purchase will be judged on a case-by-case basis. Efforts will be made to utilize normal terms of payment whenever possible. In the instances when pre-payments are necessary they will be allowed for only one fiscal year in advance, except under extraordinary circumstances where it is judged that institutional benefit is sufficient to warrant other treatment. Examples of allowable pre-payments might include the following:

- Accreditation Fees
- Airfare & similar tickets
- Article Submissions & Reprints
- Certifications
- Entry Fees
- Hotel Deposits (when necessary)
- Insurance
- Licenses
- Maintenance Agreements (when unable to sync with fiscal year)
- Meeting Registrations
- Memberships & Dues
- Subscriptions

The Business Office will normally be the entity making the determination of acceptable pre-payment transactions. Pre-payments in individual amounts exceeding \$10,000 will require the prior written approval of the Vice Chancellor for Finance and Administration.

**Deferred Payments**

The State of Arkansas General Accounting and Budgetary Procedures Law requires agency officials to be cognizant of the resources available, so that no obligations will be incurred that cannot be lawfully discharged from the funds available when the obligations become due and payable.

Although lease, lease-purchase, and extended payment terms may occasionally be utilized, deferred payments for goods and services are not allowed. Examples of such arrangements might include the following:

- Asking vendors to delay or split invoices to allow payments in a later fiscal year for all or a portion of the value of goods and services received in the current fiscal year.
- Intentional delays in the processing of invoices in the current fiscal year to delay payment from the following fiscal year's funds.

The Business Office will normally be the entity making the determination of acceptable deferred-payment transactions. Deferred-payment transactions in individual amounts exceeding \$10,000 will require prior written approval by the Vice Chancellor for Finance and Administration.

May 5, 2004