

PROCEDURES AND GUIDELINES FOR COMPLIANCE WITH THE POLICY AGAINST ADVANCE PAYMENT

(Ref: PL 35-114)

Purpose: To establish University procedures and guidelines for compliance with 5 GCA §5007 Policy Against Advance Payment to contractors, service providers and/or supply vendors.

Background: 5 GCA §5007 Policy Against Advance Payments states: “With the exception of off-island orders of the Department of Education, no procurement shall be made under this Chapter which shall require advance payment.

2 GAR Section §1103 Advance Payments Prohibited states: “No procurement shall be made which shall require advance payment unless authorized by law.”

5 GCA §5007 Policy Against Advance Payments is amended to state: “With the exception of off-island orders of the Department of Education and the University of Guam, no procurement shall be made under this Chapter which shall require advance payment.”

Procedures and Guidelines: To comply with 5 GCA §5007 Policy Against Advance Payments, the following procedures will be implemented.

Should a unit need to make an initial payment to a local contractor, service provider or supply vendor, the following must first occur:

1. The Dean/Director seeks sufficient justification for an initial payment prior to the delivery of goods or services from the contractor, service provider or supply vendor.
2. The Dean/Director reviews the initial payment justification for compliance and need, then justifies and authorizes a request for initial payment in writing to the Business Office. The authorization must be attached to, or written under “Justification” on, the purchase order or the Request for Payment.
 - a. Examples of acceptable justification are reasonable initial payments to a vendor which may include, but are not limited to, costs for mobilization, preparations for providing goods and services, securing an order/ material/inventory for goods and materials.
 - b. A reasonable initial payment is one that is customary for the types of goods and services being procured.
 - c. Units should limit the amount and frequency of initial payments, wherever possible.
3. Upon final approval of the initial payment justification and purchase order by the Comptroller: either the Business Office will issue a check or, when requested and authorized, the Business Office will pay through bank transfer or credit card.
4. The Dean/Director authorizing the advance payment is responsible for ensuring that receiving

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reports, vendor invoices and other pertinent documents needed to close the advance payment are submitted to the Business Office no more than 30 days from the receipt of goods or services. Units that do not comply with this procedure shall be subject to limits on their ability to have further initial payments authorized, as determined by the VPAF.

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