



LOS ANGELES UNIFIED SCHOOL DISTRICT

PURCHASE ORDER POLICY BULLETIN

TITLE: Advance Payments Made to Vendors

NUMBER: BUL-4589.1

ISSUER: Luis Buendia, Controller
Accounting and Disbursements Division

DATE: September 9, 2014

ROUTING
 Educational Service
 Center Administrator
 of Operations
 Educational Service
 Center Directors
 Principals
 Fiscal Services
 Managers
 Fiscal Specialists
 Financial Managers
 Office Administrators

PURPOSE: It is always a prudent business practice to pay for goods and services when they have been received and rendered satisfactorily. However, on rare occasions payment must be made up-front, prior to receiving goods and/or services. These advanced payments will be facilitated provided the required approval/authorization is secured. A minimum of ten (10) working days in advance of the required payment should be allowed to enable the Accounts Payable Branch to process the advance payment and provide the warrant.

MAJOR CHANGES: This bulletin replaces Accounting and Disbursements Division’s Bulletin Number 4589.0 of the same subject, dated December 10, 2008. The content has been updated as follows:

- Reflect the current policies and changes to the related Advance Payment Request form and align it with the requirements of the District’s new financial system, Systems Applications and Products (SAP).
- Allow advance payments in selected cases where it is the standard business practice to require advance or pre-payment without requiring the approval of the Controller or his/her designee.

GUIDELINES: Advanced payment for materials or services whose delivery will take place on a future date may be warranted in cases where it is the standard business practice.

No additional advance payment approval by the Controller or his/her designee will be required for the following transactions provided the payment is made through a Purchase Order (PO), P-Card or Imprest Account and the expense will be incurred in the current fiscal year.



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I. AUTHORIZED ADVANCE PAYMENTS

- A. Required up-front payment to public utility agencies and/or the Division of State Architects (DSA)
- B. Maintenance and lease/rental contracts (equipment)
- C. Subscription to books, periodicals, and newspapers including special order items for trade and professional publications. Advance payment for subscription covering the following fiscal year may be allowed if the invoice is received in the last quarter of the current fiscal year. Advance payments covering two or more fiscal years will not be approved
- D. Membership dues
- E. Rent for real estate covering no more than one month in advance
- F. Seminars and conference registration fee
- G. Professional service(s) where contract requires payment before performance begins
- H. Software licenses
- I. Insurance premiums
- J. Bus services (field trips)
- K. United States Postal Service (USPS) postage
- L. Bus tokens payable to MTA or other public transportation agency in support of the transportation program
- M. Deposits to secure facility rentals and/or catering service involving non-district venues in support of District approved events

II. PROCEDURES

- A. Procedures for advance payment shall follow the guidelines set forth in the Procurement Manual where the standard operating procedures require a PO to be rendered for the purchase of goods and services. Imprest Fund and P-Card may be used for advance payment subject to the provisions in the latest edition of the Procurement Manual available at Procurement Services Division webpage at <http://achieve.lausd.net/procurement> on use of P-Card and the Imprest Fund Ref 1706.3.
- B. Vendors to whom an advanced payment will be issued must provide a complete invoice or quote equal to the fractional amount



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- of the order including the proportional amount of the sales tax, and shipping/handling prior to the issuance of the advance payment.
- C. Schools/Offices are responsible for collecting all supporting documents and forwarding them to the Accounts Payable Branch. While technically no goods have been received as yet, the pre-receipt of goods against the PO must be processed in SAP. This is necessary for the advance payment invoice to be processed.
- D. If the advance payment cannot be paid using a PO, Imprest Fund or P-Card, the following guidelines will be followed:
1. Requesting school/location will complete the Advance Payment Request Form (See Attachment A), justify the need for the advance payment, and attach the vendor invoice and other documents supporting the request for advance payment. Any special instructions on the delivery of the advance payment warrant must be stated on the form.
 2. A valid funding line must be indicated on the request form and must have a sufficient balance when the advance payment is processed. If funded by a grant, the requestor must ensure that services/goods will be provided during the availability period of the grant for audit purposes.
 3. Approval of the Division Head of the requesting school/office is required for all advance payment requests not covered by a PO, P-Card or Imprest Fund.
 4. Additional approval of the Controller or his/her designee will be required for advance payments in excess of \$25,000.
- E. Once the “Advance Payment Request Form” has been signed and approved by the appropriate Educational Service Center Administrator/Division Head, the requesting office is ultimately responsible for delivering the completed form and supporting documents to Accounts Payable for final review.
- F. After reviewing the advance payment request, Accounts Payable staff will forward it to the Controller or his/her designee for approval, when applicable. Once approved by the Controller or his/her designee, Accounts Payable will process the payment.

AUTHORITY: This is a policy of the Office of Controller – Accounting and Disbursements Division



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**RELATED
RESOURCES:**

- “Procurement Manual latest edition available at Procurement Services webpage at <http://achieve.lausd.net/procurement>
- Reference Guide No. 1706.3 “Imprest Funds,” Accounting and Disbursements Division, dated July 1, 2013

ASSISTANCE:

For assistance or further information please contact:

- Accounts Payable Branch – Customer Service Center at (213) 241-4800
- Procurement Services – Customer Service Center at (562) 654-9009
- Fiscal Specialists

ADVANCE PAYMENT REQUEST FORM

This is applicable to advance payments not covered by a PO, P-Card, or Imprest.

Requesting School/Office:

Name of School/Office: _____ Vendor Account: _____

Prepared by: _____
Name Title Phone Email

Advance Payment Payable to:

Vendor Name: _____ Vendor Account: _____

Vendor Address: _____
Street City Zip

Total Invoice Amount: _____ Advance Payment Amount: _____

Justification for Advance Payment: *(Please explain. A separate page may be attached if additional space is needed.)*

Supporting Documents: *(Attach all that are applicable)*

- Vendor invoice/statement requiring advancement payment/deposit from school/office.
- Travel documents (e.g. Travel approval by Administrator, Conference Attendance Form, copy of brochure, etc.)
- Other supporting documents justifying the need for advance payment.

Funding Line(s) to be Charged:

GL Account	Amount	Fund	Functional Area	Cost Center/IO/WBS

Required Authorization for Advance Payment

_____ Signature _____ Date _____
Print Name of School/Office Administrator Requesting for Advance Payment

_____ Signature _____ Date _____
Print Name of Division/Local District Administrator

(Check one)

- Central Office – Division Name: _____
- Local District *(check one)*: Northeast Northwest East West
 Central South

_____ Signature _____ Date _____
Print Name of Controller/Deputy Controller

Accounts Payable Use Only

_____ Signature _____ Date _____
Reviewer Name / Title