

Department of Administrative Services - State Accounting Enterprise

Section PRE-AUDIT	Procedure Number 230.550	Page Number 1 of 2	Effective Date January 7, 2013 Revised 5/18/17
Subject PAYMENT POLICIES PRE-PAYMENT OF EXPENSES			

1. Section 8A.514 of the Code of Iowa requires before a warrant or its equivalent is issued, a voucher with appropriate invoices shall be presented with certain required information on the voucher or invoice. Among the requirements is the "thing furnished" to be noted on the document. However, the Director of the Department of Administrative Services (DAS) may authorize the prepayment of documents when the best interest of the State are served under rules adopted by the department. There are several opinions by the Attorney General which reaffirm "thing furnished" means the goods or service must be provided to the State before payment can be made. A more recent opinion states exceptions based on common industry practices and current business procedures can be made to the "thing furnished" code specifications.

2. The following expenses may be prepaid without prior written approval from DAS-State Accounting Enterprise-Daily Processing (DAS-SAE):
 - a. Contracts for software purchases, software maintenance, or other maintenance contracts that have been negotiated with a clause requiring prepayment.
 - b. Subscriptions may be paid up to 8 weeks in advance to avoid missing issues.
 - c. Publications.
 - d. Rentals - Building space, PO boxes, parking spaces and booths (only the portion that must be pre-paid to reserve a space). Documentation must be attached to the document.
 - e. Yearly memberships approved by the department's Director and the Director of the Department of Management.
 - f. Registration fees - If there is documentation attached to the document indicating the registration must be paid prior to the function, or, documentation is attached indicating a savings of at least equal to the current General Fund earning rate of the State Treasurer if registration is paid in advance. All other registrations must be paid/reimbursed after the function has occurred.
 - g. Advance payments on contracts are allowable in certain instances. Reimbursement of expenses should be utilized whenever possible. The time elapsing between the receipt of the money and its disbursement should be minimized as much as is administratively feasible. In certain circumstances, the grantee may lack sufficient working capital to provide the services for which the grant was made. Advance payments may be made under the following guidelines.
 - (1) Advance payments may be made one month in advance of the total anticipated expenditure. This is considered to be administratively feasible on a statewide basis.

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Requests for advance payments in excess of one month must have the prior written approval from the DAS-SAE-Daily Processing Program Manager. See Procedure 240.150, 210.151 and 240.170 for details on how to submit the request.

- (2) When it has been determined by the State department that the grantee lacks sufficient working capital to provide the service of the grant, the grantee may be given a two-month "working capital advance" (i.e., an advance may be made for up to two months of projected expenses). After the initial two-month "working capital advance" has been made, the grantee should submit documents for reimbursement on a monthly basis. This should allow the grantee enough startup funds to commence the project, while also allowing them to maintain a one-month advance after the initial startup, which parallels (1) above.
 - (a) Documentation that indicates the grantee lacks sufficient working capital to commence the project must be attached to the initial document.
 - (b) Documentation supporting the projected costs must be attached to the initial document.
 - (3) In both instances, all other procedures relating to original signatures and proper referencing are applicable.
 - (4) These are general guidelines, which parallel most federal regulations. If there are federal or other written guidelines that are more restrictive, those must be followed by the State department. If there are less restrictive federal or other written guidelines, a letter for prior approval requesting exemption to the above guidelines should be submitted to the DAS-SAE-Daily Processing Program Manager. Documentation supporting the less restrictive guidelines must be attached to the request for exemption. See Procedure 240.150.
3. Any expense not specifically mentioned in 2, above, MUST have prior approval to be paid in advance of receiving the goods/service. Prior approval will be allowed only under the following circumstances:
- a. If prepayment is required in order for the State to receive the goods/service.
 - b. If the department can document the State will benefit through reduced rates equal to or greater than the current General Fund earning rate of the State Treasurer.
 - c. See Procedures 240.150, 240.155, 240.170 and 240.171 for additional information and the sample request form.