THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Business and Financial Services	**Number:**	501.8
		Revised:	
SUBJECT:	Lump Sum Advance Policy and Procedures	**Date Issued:**	03/01/97
		Attachment(s)	4
APPLIES TO:	All Faculty and Staff		
ISSUED BY:	Financial Operations		

I. Policy

Lump Sum Advances may be obtained by University employees for certain costs which will ultimately be reimbursed by the University and when anticipated expenditures include items other than travel. University departments should monitor and restrict excessive use of lump sum advances.

II. Scope

The policy, regulations, and procedures apply to all faculty and staff requesting a lump sum advance.

III. Procedures and Regulations

Lump Sum Advances must be arranged through Financial Operations at least two weeks prior to the date the funds are required. Please call Financial Operations at 764-7214 for the correct fund area to contact.

The person requesting the advance (custodian) must sign a non-interest bearing promissory note for the amount of the advance (attachment).

All requests and vouchers must be reviewed and signed by two (2) individuals, the custodian and a higher administrative authority. Advance requests for amounts in excess of $10,000 must also be signed by the appropriate vice-president, chancellor, dean or director for Intercollegiate Athletics, Hospitals, or Institute for Social Research.

Lump Sum advances should not be issued when all expenditures will be of a travel nature by University personnel. A travel advance should be used in such cases (refer to SPG 501.4-1).

Expenditures for goods and services obtainable through the normal Purchasing or Payroll procedures should not be applied against a lump sum advance.

If the lump sum advance is to be spent in an excess currency country, the advance will be mailed to the US Embassy (Disbursing Officer) with a letter of instruction.

The custodian may then pick up the advance at the embassy. Information about the list of excess currency countries may be obtained by calling Financial Operations-Federal Sponsored Programs at 747-1943.

University of Michigan by-laws state that all bank accounts, set up in the name of The University of Michigan, must have prior approval of the Regents of the University. Therefore, all bank accounts set up to secure lump sum advances should be established in the name of the individual traveler unless prior Regental approval has been obtained.

Receipts must be kept for all expenditures and submitted monthly with the voucher form (attachment).

Expenditures against any lump sum advance must be actual and reasonable. The use of a per diem reimbursement will only be permitted, in exceptional circumstances, when prior written approval has been obtained in advance from the Controller of the University of Michigan. Use of a per diem does not diminish the need for actual receipts for lodging in accounting for the advance.

When personnel are to be paid out of the lump sum advance, precautions should be taken to be sure that all local labor laws are adhered to. No U-M employees are to be paid from these funds.

A final accounting for any previously unvouchered amounts is required within thirty (30) days after the return date on the request form. If the expenses are less than the amount of the advance, a check payable to The University of Michigan for the amount of the difference should accompany the Lump Sum Advance voucher and Detail of Expenditures Report. If expenses are greater than the advance, a reimbursement check will be mailed to the home address listed on the Lump Sum Advance Request.

Should any circumstance occur that prevents the submission of the final Lump Sum Advance Voucher and Detail of Expenditures within 30 days of the Final Voucher date, the account coordinator for the account from which the advance was made should be notified in writing as soon as possible. In those cases where advances have not been properly accounted for within 30 days and the account coordinator has not received an adequate explanation of the extenuating circumstances, a **payroll deduction(s)** will be processed to recover the advances from University employees. This action is necessary to adhere to Internal Revenue Service regulations.

If a payroll deduction becomes necessary to account for an outstanding lump sum advance for a University employee, that employee will not be eligible to obtain a lump sum and/or travel advance in the future.

THE UNIVERSITY OF MICHIGAN
Lump Sum Advance Request

Name of Custodian _____ Account Number _____

Home Address _____ Amount Requested $ _____

_____ Date Needed _____

Field Address _____ Departure Date _____

_____ Return Date _____

Destination, if different _____ Final Voucher Date _____

1. _____ I will pick up the check at the Cashier's Office.

2. _____ Other instructions for issuing the check:

Budget for Requested Funds: Detail:

Personnel	$ _____
Supplies	_____
Travel	_____
Equipment	_____
Other	_____
Total	$ _____

I certify that the above information is correct, and that I will abide by all the rules and regulations regarding such advances.

Custodian's Signature_____ Date_____

I approve of the issuance of this advance and will assist in the collection if any delinquency occurs.

Approving Signature _____ Date _____
Project Director or Department Chair

Dean's Signature _____ Date _____
(If Required)

Manager's Signature _____ Date _____
Financial Operations

Federal Financial Operations
10/92 msm

THE UNIVERSITY OF MICHIGAN
Lump Sum Advance Voucher

Name of Custodian_____SS#_____

Home Address_____

City_____State_____Zip Code_____

Expenditures vouchered herewith, in accordance with the Lump Sum Advance Request, as listed on the Detail of Expenditures.

Amount of this voucher (receipts attached)	$_____
Plus total amounts previously vouchered	+_____
Less total amount advanced	-_____
Balance to be vouchered	$_____

_____Final Voucher. Balance is amount due to (from) custodian.

University of Michigan account number:_____

I hereby certify that this claim is correct and reimbursable under the guidelines for the specified account and reimbursement has not been, and will not be, obtained from any other source.

Custodian Signature_____Date_____

Approving Signatures:

Project Director
or Department Chair_____Date_____

Dean Signature_____Date_____
(If required)

Financial Operations
msm 1/93

THE UNIVERSITY OF MICHIGAN
Lump Sum Advance - Detail of Expenditures

DATE	RECEIPT NUMBER	DESCRIPTION OF ITEM	AMOUNT	EXCHANGE RATE	AMOUNT IN U.S. DOLLARS

Total $_____

Please arrange receipts by: (1) Personnel (2) Supplies (3) Travel (4) Equipment (5) Other

List receipts greater than $100 separately.

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THE UNIVERSITY OF MICHIGAN
LUMP SUM ADVANCE - PROMISSORY NOTE

In consideration of the Lump Sum Advance made by the University of Michigan in the amount of _____Dollars $_____.____ as a result of my Lump Sum Request dated_____, I hereby agree to provide satisfactory evidence of legitimate expenditures in compliance with the guidelines and conditions as stated below. This evidence will include vouchering such expenditures at least every thirty (30) days from the date of the making of the Advance with the final voucher due no later than_____. In further consideration of such advance, I promise to pay to the Regents of the University of Michigan, a Constitutional Corporation, any portion of such Advance which is not properly vouchered within the above time limits. If such vouchering or payment has not been made within thirty (30) days of the final due date shown above, I authorize the University Payroll Office to deduct such portion from my paycheck(s).

GUIDELINES FOR LUMP SUM ADVANCES

1. **ALL REQUESTS AND VOUCHERS must be reviewed and signed by two (2) individuals, the Custodian and a higher University authority**. Advance requests for amounts in excess of $10,000 must also be signed by the Dean or Director.
2. Lump sum advances should not be issued when all expenditures will be of a travel nature by University personnel. (A travel advance should be used in such cases.) Foreign airfare should be obtained by purchase order whenever possible.
3. Expenditures for goods or service obtainable through the normal Purchasing or Payroll procedures should not be applied against a Lump Sum Advance.
4. If the Lump Sum Advance is to be spent in an excess currency country, the advance will be mailed to the U.S. Embassy (Disbursing Officer) with a letter of instruction. The custodian may then pick up the advance at the Embassy. (Information about the list of excess currency countries may be obtained by calling Financial Operations - Federal Sponsored Programs, 764-6247.)
5. University of Michigan Bylaws state that all bank accounts, set up in the name of the University of Michigan, must have the approval of the Regents of the University. Therefore, all bank accounts set up to secure lump sum advances should be established in the name of the individual traveler, unless prior Regental approval has been obtained.
6. Receipts must be kept for all expenditures and submitted monthly with the voucher form.
7. Expenditures against any lump sum advance must be actual and reasonable. The use of a per diem reimbursement will only be permitted, in exceptional circumstances, when prior written approval has been obtained in advance from Financial Operations.
8. When personnel are to be paid out of the lump sum advance, precautions should be taken to be sure all local labor laws are followed.

_____	_____	_____
Signature of Custodian	Social Security Number	Date

Witness:_____