

Standard Practice Guide Policies

Lump Sum Advances

501.08

Applies to: All Faculty and Staff

I. Policy

In limited circumstances, university employees may obtain a lump sum advance for certain allowable costs that cannot be paid through the university's typical procurement processes.

II. Guidelines for Issuance

Lump sum advances are primarily for use by faculty members traveling internationally for research with students.

Special consideration should be taken to determine if a lump sum advance is the most appropriate method to use for the expected expenditures. A lump sum advance should not be used for goods and services that can be obtained and/or paid for through the university's typical procurement and payment methods (e.g. strategic contracts, M-marketsite, purchase order, PCard, non-PO payment voucher).

When all expenditures will be of a travel or hosting nature, a travel and business hosting cash advance should be used if an advance is necessary. Refer to SPG 507.10-1, Travel and Business Hosting Expense Policy, for additional information.

A Lump Sum Advance Request Form and Promissory Note, signed by the employee requesting the advance (custodian) and a Higher Administrative Authority (project director or department chair), must be submitted to the Shared Services Center at least two weeks prior to the date the funds are required. Requests for advances in excess of \$10,000 must also be signed by the appropriate vice-president, dean or unit director.

The custodian must have a university appointment for the duration of the advance and sign a non-interest bearing promissory note for the amount of the advance.

III. Lump Sum Advance Controls

The role of the custodian is to safeguard and properly account for the advance.

If a bank account is needed for use with an advance, the Treasurer's Office must be contacted for assistance. The Treasurer's Office must authorize and establish all bank accounts in the name of the University of Michigan.

As the advance is utilized, a Lump Sum Advance Voucher Form (voucher) must be prepared and submitted to the Shared Services Center, along with required supporting documentation. Receipts and related support must clearly document an appropriate business purpose. Receipts are required for all single expenditures \$75 and greater.

Interim vouchers, with accompanying receipts and detail of expenditures, should be submitted monthly, where possible. A final voucher, with accompanying receipts and detail of expenditures, must be submitted within 45 days of the specified return date. If the total expenses vouchered are less than the amount of the advance, the custodian must deposit a check payable to The University of Michigan for the difference into the associated chartfield combination as listed in the Lump Sum Advance Request Form.

In instances where an advance has not been properly accounted for within 45 days of the specified return date and the custodian has not provided an adequate explanation of extenuating circumstances, a payroll deduction will be processed to recover the advance from the custodian.

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

SPG Number:

501.08

Applies To:

All Faculty and Staff

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Owner:

Office of the Executive Vice President and Chief
Financial Officer

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Office of the Executive Vice President and Chief
Financial Officer

Next Review Date:

December 20, 2023

Related Policies:

Fiscal Responsibilities (/policy/500.01)

Procurement General Policies and Procedures (/policy/507.01)

Travel and Business Hosting Expense Policy (/policy/507.10-1)

Related Links:

Shared Services Center website (<https://ssc.umich.edu/travel-expense/travel-cash-advances/>)

Treasurer's Office website (<http://www.finance.umich.edu/treasury>)

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