

Lump Sum Advance Policy and Procedures

501.08

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.

Attachment		Size
SPG-501X08 Attachment - Lump Sum Advance forms (pdf)		22.58 KB
SPG number: 501.08	Applies to: All Faculty and Staff	Related policies: Travel and Business Hosting Expense Policies and Procedures for Concur Users
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