### Accounts Payable

### Payment Timeliness, Discounts and Advances (5.07.04)

**PURPOSE**

The purpose of this policy is to establish guidelines for the timely payment of liabilities, the application of appropriate discounts, and for the processing of advance payments.

**POLICY**

Liabilities are to be liquidated on a timely basis, which will allow for the application of all discounts and maintain the University’s credit standing. The Prompt Pay Act of 1985 requires that the University pay for each complete delivered item of property or service within 45 days of receipt of the property or service. A penalty of 1 1/2% per month is provided by the Act. Payments will be made in advance only upon written approval from Purchasing and Business Services.

**REFERENCES**

5.08.06 Void Checks  
5.07.05 Manual Checks  
5.08.04 Wire Transfers  
5.08.09 Stale-Dated Checks  
TCA 122-4-703 "Public Contracts - When Payment Required"  
The Prompt Pay Act of 1985