**State of Utah – Division of Purchasing**

**Prepayment Authorization Form**

Prepayments on contracts represent a significant risk to the State. In accordance with Utah Code 63G-6a-1208, prepayments may be used on a limited basis with the approval of the Chief Procurement Officer. Statute requires a prepaid expenditure to be supported by the following documentation.

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| 1. Identify the State Purchasing contact person and solicitation number for this prepayment |  |
| 1. Document whether it is customary in the industry to prepay for this procurement item |  |
| 1. Describe how the Department will receive an identifiable benefit by prepaying, including reduced costs, additional procurement items, early delivery, better service, better contract terms, etc. |  |
| 1. Indicate the amount of the prepayment |  |
| 1. Document the prepayment schedule |  |
| 1. Identify the procurement items to which each prepayment relates |  |
| 1. Indicate the remedies for a contractor's noncompliance with requirements relating to the provision of the procurement items |  |
| 1. List all other terms and conditions relating to the payments and the procurement items |  |
| 1. Statute indicates that a performance bond, of up to 100% of the prepayment amount, may be required | Indicate whether you are requiring a performance bond: Yes  No |

By signing this form, you are representing that you have read and understand Utah Procurement Code 63G-6a-1208 and acknowledge that there are significant risks to your Department associated with making contract prepayments and are willing to assume all risks associated with making prepayments.

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Department Executive Director/Date Director, State Purchasing/Date

**Utah Code 63G-6a-1208 – Contract Prepayments**

(2) (a) A procurement unit may not pay for a procurement item before the procurement unit receives the procurement item, unless the procurement official determines that it is necessary or beneficial for the procurement unit to pay for the procurement item before the procurement unit receives the procurement item.

(b) A procurement official's determination under Subsection (2)(a) shall be in writing, unless:

(i) the rulemaking authority has adopted a rule describing one or more circumstances under which a written determination is not necessary; and

(ii) the procurement official's determination is under one of those circumstances.

(3) Circumstances where prepayment may be necessary for, or beneficial to, the procurement unit include:

(a) when it is customary in the industry to prepay for the procurement item;

(b) if the procurement unit will receive an identifiable benefit by prepaying, including reduced costs, additional procurement items, early delivery, better service, or better contract terms; or

(c) other circumstances permitted by rule made by the rulemaking authority.

(4) The rulemaking authority may make rules governing prepayments.

(5) A prepaid expenditure shall be supported by documentation indicating:

(a) the amount of the prepayment;

(b) the prepayment schedule;

(c) the procurement items to which each prepayment relates;

(d) the remedies for a contractor's noncompliance with requirements relating to the provision of the procurement items; and

(e) all other terms and conditions relating to the payments and the procurement items.

(6) The procurement official or the procurement official's designee may require a performance bond, of up to 100% of the prepayment amount, from the person to whom the prepayments are made.

Amended by Chapter 365, 2020 General Session

**Note:**

**This form is specific to Executive Branch procurement units under the jurisdiction of the Division of the Division of State Purchasing. Procurement units with independent procurement authority are not required to use this Form but are encouraged to adopt it.**