

Effective September 3, 2025

CHIEF FINANCIAL OFFICER MEMORANDUM NO. 31

SUBJECT: ADVANCE PAYMENTS AND PREPAYMENTS

The purpose of this memorandum is to clarify the difference between advance payments and prepayments.

Advance Payments

Advances are payments made for goods/services prior to the receipt of those goods/services. Advance payments include grants to non-profits and local governmental entities to support cash flow needs, and payments to vendors for maintenance agreements.

Payments to non-profits and local governmental entities to support cash flow needs are authorized under section (s.) 216.181(16)(a)(b), Florida Statutes (F.S.).

- Funding should be in a grants and aids category as defined in s. 216.011(2)(t), F.S.
- Advances should not exceed the expected cash needs within the initial three months.
- If an advance request should exceed three months of initial costs, special approval will require legislative consultation.
- Advance payments requests must be submitted to the Chief of Auditing.

Payments to vendors for maintenance agreements are authorized under s. 215.422(15), F.S., and are allowable if:

- Savings is greater than investment earnings, and
- If the essential goods/services must be paid in advance.

Prior approval must be obtained from the Bureau of Auditing for maintenance agreements that exceed the threshold of Category Two as defined in s. 287.017, F.S.

Prior approval from the Bureau of Auditing is not required for advance payments made for maintenance agreements that are equal to or less than the threshold of Category Two as defined in s. 287.017, F.S., and meets one of the advance criteria. The criteria must be included somewhere within the payment documentation.

Prepayments

Prepayments are upfront payments for items that provide future benefits. Legislative appropriations are received on an annual basis therefore prepayments can only be made one year at a time.

The following is a list of examples of prepayments:

- Software Subscriptions

- Software Licenses
- Leases
- Department of Manage Services (DMS) Parking
- Utilities
- Insurance Policy Premiums
- Pre-Paid Travel

Prior approval must be obtained from the Bureau of Auditing for prepayments related to software subscriptions and software licenses that exceed the threshold of Category Two as defined in s. 287.017, F.S.

Prior approval from the Bureau of Auditing is not required for prepayments related to software subscriptions and software license agreements that are equal to or less than the threshold of Category Two as defined in s. 287.017, F.S., and meets one of the advance payment criteria. The criterial must be included somewhere within the payment documentation.

All other prepayments (leases, DMS Parking, Utilities, Insurance Policy Premiums and Pre-Paid Travel) are not subject to the advance payment requirements.

Contact the Bureau of Auditing at (850) 413-5512 if you have any questions or concerns.