Important Message from the University Comptroller and Director, Procurement Services
Vendor Payments
April 2009

The purpose of this bulletin is to apprise the York community on the need for due diligence when selecting vendors and making payment arrangements. As noted in the University Procurement Procedure, vendors providing goods or services to York University must demonstrate good overall financial standing. This is particularly important given the current economic conditions affecting the entire business community.

Standard Payment Terms

The University’s standard payment terms of “Net 30” days from invoice receipt or satisfactory delivery of goods or services, whichever is later, will be applied unless Procurement Services has negotiated more favourable payment terms with the vendor. These payment terms apply to the provision of goods and services (including payments to external consultants).

Important Reminder

The University normally does not allow advance payment or pre-payment. Please refer to the University Procurement of Goods and Services Procedure which outlines the rare circumstances where consideration will be given by the University Comptroller.

Under current market conditions, Procurement Services has been experiencing an unusual number of requests for advance payment by some of our vendors. This is a troubling sign that vendors may be experiencing the effects of economic pressures. It is critical, therefore, for the internal community to be mindful of commitments being made and that these be in accordance with established University policies and guidelines.

In the last number of months vendors have increasingly requested prepayment or deposits against future delivery/performance of goods/services. Prepayment and advances are in essence unsecured loans to vendors, and would be at risk if the vendor either cannot perform its obligations or experiences financial difficulties. The University, in most cases, is not in a position to properly evaluate the credit worthiness of vendors, and it is for this reason that prepayments and advances should rarely, if ever, be granted to vendors. If vendors require prepayments or advances this credit facility should be granted by their financial institution, and not the University.

While the University Comptroller has established some guidelines to accommodate requests for prepayments or advances, it should be noted that the University should only be expediting prepayments or advances in rare circumstances, where the University is comfortable with the credit worthiness of the other party (such as government institutions).

Questions on vendor payments can be directed to:

Renata Faverin, Director, Procurement Services, rfaverin@yorku.ca or extension 30545, or Aldo DiMarcantonio, Comptroller, dimarca@yorku.ca or extension 55799.