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NetSuite Vendor Prepayments: Approval, Auto-Apply & Aging

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Executive Summary

NetSuite vendor prepayments provide a native way to record supplier advances and subsequently apply them against bills. The initial advance affects the general ledger (GL) without offsetting accounts payable (AP); the application is a separate posting that credits the prepayment account and offsets AP. This separation makes an outstanding advance an asset requiring its own explanation, rather than evidence that a future invoice has already been settled. (docs.oracle.com) (docs.oracle.com) A defensible control model follows the money from documented business purpose through authorization, delivery, application, and recovery. Public-sector guidance illustrates the importance of advance-payment justification and approval evidence, without imposing those institutions' rules on private companies. (www.gov.uk)

Auto-Apply suits advances linked to purchase orders (POs) whose bills follow the documented PO billing process. NetSuite applies multiple eligible advances oldest first and uses the maximum available amount against the bill. Stand-alone advances require manual application. The choice therefore turns on whether that allocation matches the commercial agreement, not simply whether automation is available. (docs.oracle.com) (docs.oracle.com) (docs.oracle.com) Controls should connect the original advance to its eventual reconciliation and compare invoiced amounts with approved terms; Columbia and UTSA document these principles in their own payment processes. (www.utsa.edu)

Approval, cash release, and aged-balance ownership should be designed separately. The advance's business sponsor should explain delivery delays and pursue recoveries, while AP maintains application evidence and the controller reconciles the asset account. The University of California, San Francisco (UCSF) assigns departments responsibility for satisfactory receipt, and the University of Texas at San Antonio (UTSA) assigns follow-up for credits, refunds, or recovery. (policies.ucsf.edu) (www.utsa.edu) Approval access should reflect delegated authority and a separation between purchase authorization and payment authorization. (www.tamus.edu) (uoe-finance.ed.ac.uk)

The quantitative objective is an explained closing balance. The National Aeronautics and Space Administration's (NASA) **fiscal year 2026 (FY2026)** monitoring manual sets a **$0** difference threshold for its vendor-advance reconciliation; this is an institutional example, not a universal NetSuite requirement. (www.nasa.gov) This report proposes a rollforward, a dated exception queue, and contract-based recovery deadlines. UT Austin's prescribed refund clause includes **30 days** after specified termination events, illustrating why a contractual due date is more useful than a generic aging label. (afm.utexas.edu) The implementation decision should include tested searches, reconciliation evidence, and an accountable owner, alongside native transaction processing. (www.canada.ca) (training.finance.columbia.edu)

Introduction and Background

A supplier advance can be commercially sensible while remaining operationally difficult to explain months later. Procurement may know why the supplier requested cash, AP may know which record was entered, and the controller may see only a balance-sheet amount. The practical question behind **NetSuite vendor prepayments** is how those responsibilities connect. Oracle describes the feature as recording and tracking vendor payments before acceptance of a purchase order, followed by application to vendor bills. (docs.oracle.com)

This report examines the full control lifecycle for controllers, AP managers, procurement leads, and NetSuite administrators. Its recommendations distinguish **documented product behavior**, **scoped accounting guidance**, and **proposed company controls**. This report reflects documentation accessed in **October 2026**; it should not be interpreted as evidence that a particular account has matching preferences, permissions, workflows, or customizations. Government and university policies below are attributed examples that help explain control design, rather than private-company mandates.

Business purpose is the starting point. An advance request should identify the purchase, delivery milestone, contractual amount, responsible sponsor, and refund terms. Covered federal advance-payment requests require written supporting information, while UK delegated-authority guidance calls for records of purpose, terms, risk assessment, and approval. These are useful models for an internal evidence packet. (www.acquisition.gov) (www.gov.uk)

The word **deposit** alone does not determine the accounting. A purchase advance, refundable security deposit, prepaid service, and payment of an existing invoice have different commercial purposes. For example, the Federal Reserve's own accounting manual distinguishes purchases pending delivery and says those advances should not be amortized. (www.federalreserve.gov) The proposed rule is to document what the supplier owes in return before deciding how the record should be applied or expensed. UCSF's advance policy reinforces the link between payment and satisfactory receipt of the associated goods or services. (policies.ucsf.edu)

Key Changes

The changes discussed here are changes to the company's operating process, rather than a claim about a newly released NetSuite feature. The objective is to replace loosely tracked advances with a consistent authorization, application, and asset-review process. Delegated purchasing authority and trained payment authorization provide useful foundations. (www.tamus.edu) (www.tamus.edu)

Establish the right transaction and account

For an advance intended to settle later vendor bills, native prepayment records preserve the distinction between the cash payment and its subsequent AP offset. A regular vendor payment settles bills; a vendor credit records credit granted by the vendor that can be applied to the payable account. Those records should follow their documented purposes rather than being substituted merely because an advance has become difficult to reconcile. (docs.oracle.com) (docs.oracle.com) (docs.oracle.com)

Oracle requires the Accounts Payable feature before Vendor Prepayments can be enabled. The default prepayment account is an **Other Current Asset** account, configurable at company level and, in **NetSuite OneWorld**, subsidiary level; a subsidiary setting takes precedence. (docs.oracle.com) (docs.oracle.com) (docs.oracle.com) The implementation team should map the intended asset account for each subsidiary and document who can change that mapping. Authority limits and access aligned with responsibilities are the relevant control principles. (www.tamus.edu) (www.gao.gov)

A company should also distinguish supplier advances from expenses recognized over time. The Federal Reserve's pending-delivery guidance and the Idaho College of Osteopathic Medicine's (ICOM) monthly prepaid-asset review policy illustrate why receipt and expense-recognition timing need explicit consideration. Neither policy establishes a universal recognition rule for every company. (www.federalreserve.gov) (policies.icom.edu)

Preserve PO purpose and amount discipline

Creating a prepayment from a PO requires the PO to be saved. Importantly, Oracle says the payment amount autofills with the PO total even when the order has been partially paid. The preparer therefore needs to check the intended advance rather than accept the populated amount as the approved deposit. (docs.oracle.com) (docs.oracle.com) An internal request should state the supplier's required amount and its relation to prior advances, supported by the contract or quotation. Written requests and payment amounts limited to demonstrated need are documented principles in federal advance-payment guidance. (www.acquisition.gov) (www.acquisition.gov)

The proposed evidence packet contains:

- **Purpose:** goods or services, the commercial reason for advance payment, and expected benefit. (www.gov.uk)
- **Amount:** the agreed deposit, previous advances, and approval within the company's delegated limits. (www.gov.uk) (www.tamus.edu)
- **Delivery:** the expected milestone and the sponsor responsible for confirming satisfactory receipt. (policies.ucsf.edu)
- **Recovery:** the contract's cancellation and refund terms, retained with the request. (afm.utexas.edu)

The memo and supporting documents should explain the advance in language useful to a later reviewer. The design should also retain the original advance identifier through reconciliation, following the traceability principle illustrated by Columbia's Prepaid ID requirement. (training.finance.columbia.edu)

Implementation Considerations and Process Changes

Configure approval as a complete process

Vendor prepayment approval is optional and is not enabled by default. Oracle states that approval functionality requires a customer approval workflow, and the approval page uses Custom Workflow as its source. The A/P Clerk role includes the approval permission by default; administrators must configure it for other roles. These facts do not establish that a stock workflow will implement the company's authorization matrix. (docs.oracle.com) (docs.oracle.com) (docs.oracle.com)

The company should document its approval design before enabling a routing preference. The authorized approver needs enough information to approve the business purpose, amount, entity, and terms. UCSF requires authorized approval before a vendor advance, while Texas A&M requires procedures limiting payment initiation and approval to authorized, trained individuals. These are scoped policy examples supporting that design. (policies.ucsf.edu) (www.tamus.edu)

Do not use **Approved** and **Paid** interchangeably when specifying workflow conditions. Oracle's manual-application page uses Approved wording, while the application overview describes approval leading to Paid transaction status. Its transaction list separately distinguishes Paid, Partially Applied, and Fully Applied. The account's approval field and transaction status should be tested as separate dimensions. (docs.oracle.com) (docs.oracle.com) (docs.oracle.com)

Assign a practical approval RACI

A **responsible, accountable, consulted, and informed (RACI)** allocation makes the lifecycle explicit. The following allocation is a recommended design, grounded in institutional examples of initiating, approving, monitoring, and reconciling payments. UTSA describes separate initiator, department approver, and back-office approver functions; Edinburgh separates purchase approval from payment authorization. (www.utsa.edu) (uoe-finance.ed.ac.uk)

- **Procurement sponsor, responsible:** documents purpose, delivery milestones, and supplier follow-up. (policies.ucsf.edu)
- **AP preparer, responsible:** enters the approved request and retains supporting reconciliation documents. (training.finance.columbia.edu)
- **Budget or delegated approver, accountable:** authorizes the amount and commercial commitment within assigned limits. (www.tamus.edu)
- **Cash-release reviewer, responsible:** checks authorization and supporting evidence before releasing funds. (policies.ucsf.edu) (uoe-finance.ed.ac.uk)
- **Controller, accountable for close:** reviews the asset reconciliation and unresolved balance explanations. (www.canada.ca)
- **NetSuite administrator, consulted:** configures role access against the approved responsibility model. (www.gao.gov)

These are responsibilities, not a requirement to employ a different person for every label. Where staffing prevents effective separation, Edinburgh's policy calls for detailed supervisory review as a compensating control. A small company can adopt that principle through an independent review of approvals, payment evidence, and changes. (uoe-finance.ed.ac.uk) Documenting the compensating review matters more than giving overlapping access a reassuring job title.

Separate authorization from release and application

Approval of a transaction should not be treated as sufficient evidence that the external cash movement occurred. The control packet should include settlement evidence and its connection to the advance. The Public Company Accounting Oversight Board's (PCAOB) confirmation standard illustrates the value of information maintained by a knowledgeable external source for cash audit evidence. This is an audit principle, not a claim that NetSuite approval sends or confirms a payment. (pcaobus.org)

Access should be reviewed against both record entry and application responsibilities. Oracle creates separate Vendor Prepayment and Vendor Prepayment Application permissions, and record access can also be restricted by subsidiary and classifications. (docs.oracle.com) (docs.oracle.com) The company should test the resulting permissions with actual roles and record types. The U.S. Government Accountability Office's (GAO) control framework supports restricting logical access to functions commensurate with assigned responsibilities. (www.gao.gov)

Choosing Manual Application or Auto-Apply

Decide the allocation policy first

The Auto-Apply accounting preference is enabled by default; companies wanting exclusively manual application must clear it. Qualifying automatic applications require PO linkage and bills created with the PO's Bill button or Transactions > Payables > Bill Purchase Orders, rather than ordinary Enter Bills entry. The eligible PO statuses are Pending Receipt, Pending Bill, Partially Received, and Pending Billing/Partially Received; the advance must be Paid or Partially Applied, and the bill Open. Held or pending-approval bills are unavailable. (docs.oracle.com) (docs.oracle.com) Confirm that automatic allocation matches the agreement, following UTSA's principle of comparing invoices with approved prepayment terms. (www.utsa.edu)

Table 1 compares application and administration models, including implementation support. Its third row represents services around the native feature; the service provider is not a different transaction engine.

Operating model	Appropriate use	Allocation and ownership	Implementation decision
Native manual application, internally administered	Stand-alone advances or agreements needing explicit allocation across bills. (docs.oracle.com)	AP reviews the intended allocation and retains the connection to the original advance. (training.finance.columbia.edu)	Test who chooses bills, validates terms, and approves exceptions. (www.utsa.edu)

Operating model	Appropriate use	Allocation and ownership	Implementation decision
Native Auto-Apply, internally administered	PO-linked advances with eligible bills and an allocation policy accepting oldest-first consumption. (docs.oracle.com)	AP monitors completed applications and residuals; procurement remains responsible for delivery explanations. (policies.ucsf.edu)	Validate the complete billing route and assign exception ownership. (www.canada.ca)
Houseblend-supported implementation or managed administration	A company chooses external support for workflow, form, access, or administration work. Houseblend describes these services on its site. (www.houseblend.io) (www.houseblend.io)	The company retains commercial approval and recovery responsibilities. (www.tamus.edu) (www.utsa.edu)	Define the chosen native method, testing deliverables, and operating responsibilities in the engagement scope; this report assumes no service price.

The preferred model depends on allocation intent and operating capacity. Automatic application reduces a processing decision only when the company's terms allow the documented allocation. External support should be evaluated on the approved scope and ongoing ownership, using the same evidence and responsibility requirements applied internally. (www.utsa.edu) (www.tamus.edu)

Understand residuals and application limits

To apply a vendor prepayment to a bill manually, go to **Transactions > Payables > Enter Vendor Prepayment > List**, view the intended advance, and click **Apply**. Select the active AP account, then select the intended bills on the Bills subtab and enter their Payment amounts. (docs.oracle.com) Retain the completed application and supporting invoice evidence for review. (training.finance.columbia.edu)

Manual application supports multiple applications from one prepayment and allocation to one or multiple bills within the prepaid amount. The **Auto Apply button** on its Bills subtab is separate from the background accounting preference. Eligible bills must match the original payee, subsidiary, and currency; Oracle excludes bills from vendor installment payments. (docs.oracle.com) (docs.oracle.com) (docs.oracle.com) These eligibility checks should become exception reasons rather than unexplained differences in a report. Linking reconciliation to the original advance and retaining invoice support are useful evidence principles. (training.finance.columbia.edu) (training.finance.columbia.edu)

NetSuite creates a separate application for each prepayment and applies the maximum available amount up to the bill total. (docs.oracle.com) Entering eligible bills triggers the background process, which periodically checks for qualifying new bills. Oracle describes a delay of several seconds, rather than guaranteed immediate application. (docs.oracle.com) For Auto-Apply, the relevant acceptance test is the resulting record and remaining balance, not simply whether the preference was selected. The recommended review compares the commercial terms with the actual allocation, confirms that the relevant bill was eligible, and follows up when the supplier's delivery has not occurred. Those responsibilities continue after an automated transaction. (www.utsa.edu) (policies.ucsf.edu)

Aging, Exceptions, and Recovery

Build an advance register alongside AP aging

Native AP Aging covers unpaid bills. An original vendor advance affects the GL without initially offsetting AP, so a review confined to unpaid bills is insufficient to explain outstanding supplier advances. (docs.oracle.com) (docs.oracle.com) Maintain an advance register as a separate control output. Canada's Department of National Defence requires an effective system to monitor and reconcile advances against goods or services received, illustrating the purpose of that register. (www.canada.ca)

For a **vendor prepayment saved search**, Oracle documents a Transaction search filtered to Type is Vendor Prepayment. Its generic Main Line guidance says true returns one row per transaction while excluding line-item details. Neither establishes historical advance aging. (docs.oracle.com) (docs.oracle.com) Validate original advances against application activity and sample records, retaining their relationship as Columbia's identifier requirement illustrates. (training.finance.columbia.edu)

Avoid a tempting field error: the versioned Records Browser describes vendorprepayment.balance as the selected account's available balance. It does not define that field as the outstanding amount of an individual advance. The application browser identifies a link to the originating prepayment. (system.netsuite.com) (system.netsuite.com) Exact fields, join directions, and aggregation should be verified in the target account before a search is used for close.

Table 2 shows a recommended advance-aging register. The rows describe recommended control situations.

Advance situation	Vendor, PO, date, and currency	Original, applied, and unapplied amounts	Age and ownership	Next action and evidence
Delivery is on schedule	Retain identifiers and original payment date. (training.finance.columbia.edu)	Reconcile original amount to applications and residual, using validated records. (www.canada.ca)	Assign procurement sponsor; age from the documented original date as company policy. (policies.ucsf.edu)	Retain expected delivery date and review invoice terms when billing occurs. (www.utsa.edu)
Delivery date has passed	Keep original date; add revised milestone and supplier explanation.	Show the remaining advance without treating age as proof of expense recognition. (www.federalreserve.gov)	Sponsor explains delay; controller reviews the asset treatment. (policies.icom.edu)	Obtain updated delivery evidence or initiate contractual recovery review. (www.utsa.edu)
PO is canceled or scope reduced	Preserve original PO, cancellation evidence, and relevant terms. (afm.utexas.edu)	Distinguish cash still advanced from amounts contractually due back. (files.fasab.gov)	Name the recovery owner and contractual deadline. (afm.utexas.edu)	Pursue a credit, refund, or recovery and document the outcome. (www.utsa.edu)
Application is disputed or missing	Retain original advance identifier and relevant invoice support. (training.finance.columbia.edu)	Investigate the record-level difference before adjusting the register. (www.nasa.gov)	AP investigates; controller reviews the unresolved explanation.	Correct the identified cause and retain reconciliation evidence. (www.canada.ca)

Age prioritizes review; delivery and recognition evidence determine the accounting assessment. Pending-delivery guidance and monthly prepaid review support that distinction. (www.federalreserve.gov) (policies.icom.edu)

Give every residual an owner and an outcome

Use recommended queue categories of **awaiting delivery**, **awaiting eligible bill**, **allocation review**, **contractual recovery**, and **accounting assessment**. Record a sponsor, next action, and review date. UTSA's departmental follow-up responsibility supports this ownership model. (www.utsa.edu)

Review canceled POs commercially before adjusting records. UT Austin's deposit clause addresses unearned or undelivered amounts under specified termination conditions; retain the applicable refund rights and triggering event. (afm.utexas.edu) (afm.utexas.edu) Distinguish expected delivery from a claim for returned money. Statement of Federal Financial Accounting Standards (SFFAS) 1 transfers refundable advances to receivables within its federal accounting scope, illustrating that distinction. (files.fasab.gov)

The Oracle sources reviewed do not establish a dedicated native cash-refund workflow. Design partial refunds and recoveries in the target account, with separate evidence for accounting adjustments and received cash. External confirmation principles and departmental recovery policies support retaining cash evidence and supplier follow-up. (pcaobus.org) (www.utsa.edu)

Month-End Reconciliation

Reconcile the asset, applications, and cash evidence

The simplified accounting sequence is **debit prepayment asset and credit the funding account**, followed, on application, by **debit AP and credit prepayment asset**. Oracle describes the application's GL impact explicitly. Transaction-specific dimensions and foreign-currency consequences still need inspection in the account's GL Impact view. (docs.oracle.com) The asset treatment is consistent in principle with SFFAS 1's scoped requirement to record advances and prepayments as assets until the relevant delivery or contract conditions occur. (files.fasab.gov)

The recommended close sequence is:

- **Fix the cutoff:** retain the review date, subsidiary, account, and currency scope with the reconciliation. (training.finance.columbia.edu)
- **Agree opening balances:** connect the preceding approved close to the current schedule. (www.canada.ca)
- **Validate new advances:** connect authorized amounts to original records and external cash evidence. (policies.ucsf.edu) (pcaobus.org)
- **Validate applications:** retain the link between the original advance and its supported reconciliation. (training.finance.columbia.edu) (training.finance.columbia.edu)
- **Identify recoveries and reclassifications:** separate returned cash from amounts merely expected back. (files.fasab.gov) (www.utsa.edu)

- **Investigate differences:** assign causes, owners, and corrective actions until the difference is resolved. (www.nasa.gov)
- **Approve the evidence:** use a review independent of preparation where practicable, with documented supervision where duties overlap. (uoe-finance.ed.ac.uk) (uoe-finance.ed.ac.uk)

A current outstanding-balance search should not be labeled a historical month-end report without proof. Original-date filters alone do not demonstrate the treatment of later applications, edits, deletions, or recoveries. The proposed control is to retain approved cutoff snapshots and supporting activity, then test historical reconstruction before relying on it. (training.finance.columbia.edu) (training.finance.columbia.edu)

Control currency and subsequent edits

Currency eligibility is only the beginning of the analysis. Under **International Financial Reporting Interpretations Committee Interpretation 22 (IFRIC 22)**, where advance consideration creates a non-monetary asset or liability, the initial recognition date determines the relevant transaction-date exchange rate; multiple advances require a date for each payment. These are International Financial Reporting Standards (IFRS) rules within that interpretation's scope, not a blanket instruction to revalue every supplier deposit. (eur-lex.europa.eu) (eur-lex.europa.eu) Oracle's manual application instructions say the exchange rate defaults from the prepayment and cannot be changed. Their currency-edit wording is internally ambiguous, so the account should be tested without assuming that application currency can be freely changed. (docs.oracle.com)

Changes after close also need review. Oracle says prepayments cannot be deleted from closed posting periods and only administrators can delete them from locked periods. Partially or fully applied prepayments require dependent applications to be deleted first; deleting an application removes its GL impact and restores AP. (docs.oracle.com) (docs.oracle.com) Reducing an application that had paid a bill in full returns the bill to **Open** status. (docs.oracle.com) These behaviors justify testing both record permissions and period restrictions. Supervisory review and access aligned to assigned functions are appropriate control principles. (uoe-finance.ed.ac.uk) (www.gao.gov)

UAT and Cutover Controls

User acceptance testing (UAT) should establish the observed lifecycle in the company's configured account. It should retain the original request, approval evidence, records, resulting balances, and exception handling. Trained authorization and supported reconciliation are stronger acceptance criteria than a demonstration that data can be entered. (www.tamus.edu) (training.finance.columbia.edu)

The following test cases are recommended; they are not claims that every account will respond identically:

- **Business-purpose test:** reject a request lacking terms, delivery evidence expectations, or delegated approval. (www.gov.uk) (www.tamus.edu)
- **Amount test:** verify that the preparer uses the authorized advance, including prior payments, rather than accepting a populated amount without review. (www.acquisition.gov)
- **Approval test:** verify the intended preparer, approver, and compensating reviewer, including rejected or returned requests. (www.utsa.edu) (uoe-finance.ed.ac.uk)

- **Cash-evidence test:** connect the recorded advance to payment evidence obtained independently of its approval. (pcaobus.org)
- **PO-route test:** inspect the resulting application for the billing route adopted by the company and preserve the original advance link. (training.finance.columbia.edu)
- **Multiple-advance test:** verify the chosen allocation against terms and inspect the remaining amount after partial billing. (www.utsa.edu)
- **Eligibility test:** test mismatched vendor, subsidiary, currency, held bills, and installment bills against the documented application rules. (docs.oracle.com)
- **Recovery test:** cancel or reduce a purchase in the test scenario and trace the recovery request, receipt evidence, and accounting review. (afm.utexas.edu) (www.utsa.edu)
- **Period test:** test an attempted adjustment after the approved close and require evidence of review before any permitted change. (uoe-finance.ed.ac.uk)
- **Search test:** reconcile a parent advance with multiple application records without multiplying its original amount in the proposed output. (training.finance.columbia.edu) (www.canada.ca)
- **History test:** prove the cutoff report against retained records and subsequent activity. (training.finance.columbia.edu)
- **Ownership test:** require an identified sponsor and next action for every unresolved delivery or recovery item. (policies.ucsf.edu) (www.utsa.edu)

Cutover should carry forward commercial purpose and outstanding balances, not just transaction amounts. The proposed migration sign-off should identify original advance references, supporting documents, and approved accounting treatment for each residual. Columbia's identifier and documentation requirements support that traceability approach. (training.finance.columbia.edu) (training.finance.columbia.edu) A controller should retain an opening reconciliation and a queue of unresolved items; recurring monitoring remains necessary after the system becomes operational. (www.canada.ca) (policies.icom.edu)

Data Analysis and Evidence

Quantify the balance before judging the process

This report uses documented operating criteria and original illustrative arithmetic rather than an unsupported industry benchmark for prepayment processing speed or savings. NASA's FY2026 manual specifies a **$0** vendor-advance reconciliation difference at month-end, quarter-end, and year-end. It demonstrates a measurable target in that institution's process, not a default NetSuite tolerance. (www.nasa.gov)

Review and recovery also have measurable clocks. UTSA requires departmental reviews by the end of the following month and approval within **six weeks** after month-end. (www.utsa.edu) (www.utsa.edu) UT Austin's prescribed deposit clause specifies reimbursement within **30 days** after particular termination conditions. (afm.utexas.edu) These policies should not be combined into a purported industry standard. Their transferable lesson is to define the review deadline and the contractual recovery deadline separately.

Rollforward (Hypothetical Example)

Table 3 is an original arithmetic illustration in one functional currency, with no exchange-rate movements, write-downs, reclassifications, or timing differences. Its amounts are invented for explanation and are not customer results or benchmark data. The basic movement categories reflect the asset-to-application lifecycle and the separate need to follow recoveries. (files.fasab.gov) (www.canada.ca)

Movement	Illustrative amount	Evidence needed in an actual close
Opening supplier-advance asset	$100,000	Prior approved reconciliation and original advance references. (training.finance.columbia.edu)
New cash advances	+$40,000	Approved requests and external payment evidence. (policies.ucsf.edu) (pcaobus.org)
Applications against bills	−$55,000	Supported links between original advances and reconciliation documents. (training.finance.columbia.edu)
Cash refunds clearing advances	−$5,000	Actual cash receipt and approved accounting treatment, rather than a refund request alone. (pcaobus.org) (www.utsa.edu)
Ending supplier-advance asset	**$80,000**	Agreed asset-account balance and reviewed residual schedule. (www.canada.ca)

The calculation is **opening plus new cash, minus applications, minus refunds equals ending**. In this example, opening balances and new cash total $140,000, and applications plus refunds total $60,000, leaving $80,000. This is arithmetic, not evidence that every account's rollforward needs only these categories. Actual reconciliations should separately explain foreign-currency effects, approved corrections, reclassifications, and other relevant movements.

The proposed dashboard measures:

- **Unapplied exposure:** supported outstanding advances by vendor, subsidiary, currency, and sponsor. (www.canada.ca)
- **Overdue delivery exposure:** residual amounts beyond the contractual milestone, with delivery explanations. (policies.ucsf.edu)
- **Recovery timeliness:** amounts due back compared with their contractual refund date. (afm.utexas.edu)
- **Review completion:** reconciliations prepared and independently reviewed by the company's stated deadlines. (www.utsa.edu) (uoe-finance.ed.ac.uk)
- **Evidence coverage:** unresolved items with original references and supporting documentation. (training.finance.columbia.edu) (training.finance.columbia.edu)

These measures distinguish cash tied up in advances from missing explanations. A company should set thresholds according to contracts, materiality, and review capacity, rather than import another institution's timetable as a universal requirement. Periodic prepaid review and delegated approval offer useful starting principles. (policies.icom.edu) (www.tamus.edu)

Implications and Future Directions

The strongest improvement is a consistent responsibility model that survives changes in procurement volume, staffing, and system configuration. Auto-Apply can automate eligible applications, but the sponsor still needs to explain delivery and the controller still needs to explain the asset balance. Departmental receipt responsibility and advance reconciliation are complementary controls. (policies.ucsf.edu) (www.canada.ca)

For growing companies, the proposed priorities are standardized purpose fields, retained supporting documents, an exception queue, and predictable reconciliation review. Changes to access or workflow should follow the approved authority model, and overlapping responsibilities should trigger a documented supervisory check. GAO's access principle, Texas A&M's authorization guidance, and Edinburgh's compensating-review requirement support that design without prescribing a particular software implementation. (www.gao.gov) (www.tamus.edu) (uoe-finance.ed.ac.uk)

Houseblend describes workflows and forms, managed NetSuite support, and cleanup of roles, approvals, and access among its services. (www.houseblend.io) (www.houseblend.io) It is therefore a relevant implementation or administration option within the operating-model matrix. The company's scope should specify deliverables such as tested allocation behavior, approved role access, a validated residual report, and a close handoff. Those deliverables remain accountable to the company's controller and commercial sponsors. Authorization limits and documented reconciliation are appropriate acceptance principles regardless of the delivery team. (www.tamus.edu) (training.finance.columbia.edu)

Test the reconciliation and exception process before automating reminders. Columbia's guide requires an invoice or other appropriate payment-reconciliation documentation. (training.finance.columbia.edu)

Frequently Asked Questions (FAQs)

Is there a universal age at which an advance becomes an expense?

No universal age threshold is established by the sources used here. The Federal Reserve's own guidance says purchases pending delivery should not be amortized, and ICOM requires monthly prepaid review. These scoped examples support reviewing delivery and recognition facts rather than using elapsed time alone. (www.federalreserve.gov) (policies.icom.edu)

Who should own unapplied balances?

The recommended split is procurement ownership of delivery and contractual recovery, AP ownership of supported application activity, and controller ownership of the asset reconciliation. UCSF and UTSA support departmental delivery and follow-up responsibilities; Canada's defence guidance illustrates advance monitoring and reconciliation. (policies.ucsf.edu) (www.utsa.edu) (www.canada.ca)

Should an old advance be replaced by a vendor credit?

A record adjustment should follow the commercial outcome and accounting assessment. A request for money back, an actual refund, and an amount available against another bill are different evidence states. Retain the original link and recovery documents rather than using age alone as the reason for an adjustment.

(training.finance.columbia.edu) (www.utsa.edu) Federal SFFAS 1's refundable-advance rule illustrates the distinction between an advance and a receivable within its own accounting scope. (files.fasab.gov)

Conclusion

Choose the application method according to the agreement: Oracle requires manual application when control over allocation to different bills is needed. (docs.oracle.com)

Use the UAT and close checks above as the proposed acceptance criteria. Demonstrate normal transactions, exceptions, recoveries, and cutoff reporting together, then retain those checks in the recurring close.

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. https://docs.oracle.com/en/cloud/saas/netsuite/ns-online-help/section_156378588624.html
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