

	<b>AP-102</b>
	<b>Payment Terms, Invoice Payment Discounts and Late Fees</b>
	Prepared By: Accounts Payable
	Approved By: Associate VP Finance & Controller
	Effective Date: 1/1/2019

<p><b>Purpose</b></p> <p>To properly manage cash flow and vendor payment discounts.</p>
<p><b>Policy</b></p> <ul style="list-style-type: none"> <li>• The University considers the receipt date of an invoice to be either the date received by the university as indicated by time stamp or the date of the invoice.</li> <li>• IIT's payment terms are Net 45 days. All exceptions to these payment terms must be authorized by the Controller, Director of Procurement Services, or designee.</li> <li>• Invoice Payment Discounts are taken when feasible. Accelerated payment to take advantage of discount terms will only be allowed if it is in IIT's financial interests to do so as determined by the Controller or his designee.</li> <li>• Late fees incurred for invoices received in good form but not delivered to Accounts Payable within two business days of the cut-off date for the next check run, or unapproved by the ordering department's authorized approver within one business day, will be charged to the IIT ordering department.</li> </ul>
<p><b>Definitions</b></p> <ul style="list-style-type: none"> <li>• IIT Banner System – the electronic system used for recording all accounting related transactions</li> <li>• FTMVEND- IIT Banner vendor maintenance screen</li> </ul>
<p><b>Procedures</b></p> <p>PAYMENT TERMS</p> <ul style="list-style-type: none"> <li>• IIT's standard payment terms are Net 45 days. The standard payment terms for all IIT Banner vendor files (screen FTMVEND) will be set at Net 40, to allow time for check printing and mailing to meet Net 45 payment terms.</li> <li>• All new vendor files entered into IIT Banner will automatically be set up under IIT's standard payment terms.</li> <li>• Banner uses the vendor invoice date or the time stamp date to determine the payment date according to the payment terms listed in the vendors file in Banner FTMVEND.</li> <li>• As payment terms is part of the University's broader payment strategy and set by Procurement Services, departments are discouraged from negotiating payment terms with the vendors.</li> <li>• Requests for non-standard payment terms must be presented in writing to the Controller and Director of Procurement Services for approval whether for one time only variances or for changes to the vendor file affecting all subsequent payments. The request must be submitted via email.</li> </ul>
<p><b>Guidelines</b></p>

<b>References</b>  <a href="#">K.1. Procurement Policy</a>
<b>Responsibilities</b> Accounts Payable- Receive and process invoicing in accordance with IIT Policies and Procedures Purchasing – Enter vendor file information in FTMVEND Controller – provide decision on requests for variance from standard payment terms
<b>Required Forms</b>  Intentionally Left Blank