5.3.5 PAYMENT POLICIES

1. Products or Services

Accounts Payable pays invoices in accordance with payment terms negotiated or secured by Procurement. Departments must ensure that all purchase commitments (those appropriately executed through iProcurement) are made only with approved, Oracle-generated purchase orders.

Invoices that do not reference an approved Oracle-generated purchase order number will initiate an audit.

To correct invoices without a valid purchase order number, requesters must instruct suppliers to resubmit invoices referencing an approved Oracle-generated purchase order number.

Accounts Payable may, at its discretion, verify receipt or acceptance of products or services before paying any invoice.

a. Purchase Orders

Marking the item as received in Oracle Financials indicates to Accounts Payable that the invoice may be paid.

(1) Items Requiring Certification of Receipt or Acceptance

Accounts Payable does not pay the invoice until evaluation has been completed and the item has been accepted (see Guide Memo 5.3.1 [1]: Requisition Processing).

Note: The department should not mark the item as received in Oracle Financials until it is accepted.

(2) Capital Equipment and High Value Noncapital Purchases

For capital equipment and noncapital purchases of $5,000 or more, Accounts Payable requires approval through Oracle Financials before paying the invoice.

(3) Low Value Noncapital Purchases

For noncapital purchases over $5,000, Payment Services requires department approval. This approval can be made with a signature on the invoice, by receiving in Oracle Financials, or by email response to Accounts Payable's hold notification.

b. Blanket Purchase Orders

(1) Verification

Accounts Payable will start the payment process for the transaction upon receiving an invoice listing the blanket order number.

(2) Void Transactions
Accounts Payable will not pay any invoice that exceeds the not-to-exceed total of the blanket purchase order.

c. Price Differences Between Invoice and Purchase Order
For a number of reasons, the invoiced amount may differ from the dollar amount approved on the purchase order or service contract. If the invoice amount exceeds the amount on the purchase document, the Accounts Payable processor is authorized to pay the invoice amount without a written change order only on a standard purchase order where the difference is not more than 10% of the purchase order amount and the total difference does not exceed $250.

d. Periodic Payment Orders
(1) Purpose
A Periodic Payment Order authorizes Accounts Payable to make a fixed payment at fixed intervals for a specific period of time. This method is useful for equipment rental or maintenance, where the charge remains constant unless something unusual occurs.

(2) Schedule
A Periodic Payment Schedule is established by Procurement in consultation with the requesting department and supplier. Under a periodic payment order the requesting department's responsibilities include:

- Verifying that Accounts Payable pays only valid charges for services or goods the department receives.
- Maintaining records for audit purposes.

2. Freight Bills

a. Prompt Payment Required
Federal and state regulations require Stanford to pay all freight bills within 7 days of receipt. Accordingly, departments must send the freight bill to Accounts Payable as soon as received.

b. Terms
Procurement attempts to negotiate standard terms of Free on Board ("FOB") Destination. That means the title and risk of loss of the item are passed to Stanford upon delivery of an item at Stanford or any other specified destination. If those terms are not acceptable to the vendor, Procurement negotiates to have the vendor prepay transportation charges and add them as a separate charge on the invoice. However, if shipping charges are not known and not included on the issued purchase order, the vendor may prepay freight and separately invoice for shipping costs.

(1) Payment for Freight Delivery Under a Purchase Order
If any department receives a freight invoice for a product obtained under an issued purchase order, a department representative should forward it promptly to Accounts Payable for payment, ensuring that the purchase order number is clearly noted on the invoice.


Links
[1] https://adminguide.stanford.edu/5-3-1