

UNIVERSITY BILLING GUIDELINES AND PROCEDURES

Summary: Financial Operations-Accounts Receivable (FO-AR) will be coordinating the processing of all University billing through the Oracle Accounts Receivable module, which is deemed applicable under this procedure. This includes the creation of accounts receivable within the system, posting of cash receipts against receivables and dunning process in conjunction with department input. FO-AR will ensure this activity is accurately tracked and recorded for the University.

Procedure:

1. University organizations must submit to Financial Operations an invoice requisition form marked to the attention of Accounts Receivable for each transaction. Complete and accurate support needs to accompany each form in order for the University to maintain auditable documentation for external audit review.

This form is to be used for transactions that require an external invoice in order for the University to receive payment. The form must be completed in its entirety and included with the pertinent information.

- Preparer's information, organization, and telephone
- Customer name, address, and contact if applicable
- Reference the project, task, and award for non-sponsored awards set up in the Grants Management System (**NOT** awards beginning with 1XXXXXX) if applicable
- Complete invoice distribution instructions
Form Options: Distribute to Customer
Dept Invoice-AR copy only*

*Note: If the department prepared and mailed the invoice to the customer, a copy of the invoice must be included with the form and marked "Dept Invoice-AR copy only." All invoices prepared at the organizational level **MUST** have the Financial Services Group lockbox address in the remittance section of the departmental invoices.

Lockbox address:
Carnegie Mellon University
Financial Services Group
P.O. Box 360456
Pittsburgh, PA 15251-6456

- Invoice line descriptions and line amounts
- Invoice Amount (form will automatically sum your line items)
- Complete general ledger accounting string (object code must be included)
- Authorized signature for department

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This form should be used for the following activity:

- 62302-Educational programs (not application fees)
- 81585-External Salary Reimbursement
- 67506-External Service
- 67512-External Support for Agencies
- 67106-Corporate Membership Fees
- 67102-Fees-Affiliate Programs
- 62102-Fees-Corporate Conferences (not registration fees)
- 62104-Fees-Educational Program
- 67104-Visitors Fees
- 67202-Royalty Income

Note: Not to be used for donations, gifts or Sponsored Projects Accounting activity in the Grants Management Module.

2. FO-AR will be responsible for processing of all payments related to invoicing activity.

- If payments are sent to the department for any invoiced transaction, including department invoices, payments must be forwarded to the FO-AR.
- Payments received within the departments for non invoicing type transactions (i.e. application fees, registration fee, etc.) need to be secured (refer to Cash Management Procedure), when they arrive in areas. The department will be held accountable for the University's assets. This type of payment should be processed by using a Financial Services Receipt Form (FSR) and forwarded to Cash Operations for processing.

3. FO-AR will assess invoicing support to determine proper recognition of revenue or deferred revenue.

- Revenue-Activity has already been provided
- Deferred revenue-Activity will be provided or is not complete

Revenue will be recognized in conjunction with the date(s) of service. Revenue recognition for transaction types are listed below: (see note * for exceptions concerning invoices overlapping fiscal years)

- Educational programs – start of course
- External Salary Reimbursements-
 Invoicing for reimbursements- date of invoice
 Invoicing for payments in advance- date of service
- External Service-
 Invoicing for reimbursements- date of invoice
 Invoicing for payments in advance- date of service
- External Support for Agencies-
 Invoicing for reimbursements- date of invoice
 Invoicing for payments in advance- date of service

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- Corporate Membership Fees- date of agreement or annual renewal date
- Fees-Affiliate Programs- date of agreement or annual renewal date
- Fees-Corporate Conferences -date of conference
- Fees-Educational Program - start of course
- Royalty Income-date of invoice
- Visitors Fees – pro-rated over the duration of service

*Exceptions for transactions overlapping fiscal year, revenue will be appropriately deferred for that portion of service rendered after the fiscal year end.

Examples: Consortium Membership Fee of \$100,000
 Renewal Date = Oct 2005
 Invoice Date = May 2005
 Payment Received = June 2005

	Debit	Credit
Invoice Date (May 05)		
A/R	\$100,000	
Deferred Revenue		\$100,000
Receipt of Payment (June 05)		
Cash	\$100,000	
A/R		\$100,000
Date of Service (Oct 05)		
Deferred Revenue	\$100,000	
Revenue		\$100,000

Examples: External Salary Reimbursements \$6,550
 Services Start Date = Nov 04
 Invoice Date= Dec 04
 Payment Received= Jan 2005

	Debit	Credit
Invoice Date-(Dec 04)		
A/R	\$6,550	
Revenue		\$6,550
Receipt of Payment-(Jan 05)		
Cash	\$6,550	
A/R		\$6,550

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Examples: Visitors Fee of \$60,000
 Date of Service = Academic Year 2004-2005 (9 months)
 Invoice Date = August 2004
 Payment Received = Sept 2004

Invoice Date (Aug 04)	Debit	Credit
A/R	\$60,000	
Deferred Revenue		\$60,000

Receipt of Payment (Sept 04)		
Cash	\$60,000	
A/R		\$60,000

Date Service Begins- Sept 04 (revenue recognition 1/9 monthly)

(Sept 04)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Oct 04)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Nov 04)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Dec 04)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Jan 05)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Feb 05)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Mar 05)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Apr 05)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(May 05)	Deferred Revenue Revenue	\$6,666.64	\$6,666.64

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Examples: Executive Education Course \$10,000
Course Start Date = Sept 05
Invoice Date = July 2005
Payment Received = August 2005

Invoice Date (July 05)	Debit	Credit
A/R	\$10,000	
Deferred Revenue		\$10,000
Receipt of Payment (August 05)		
Cash	\$10,000	
A/R		\$10,000
Course Start Date (Sept 05)		
Deferred Revenue	\$10,000	
Revenue		\$10,000

4. Accounts Receivable Manager and the Academic and Department Business Managers will jointly be responsible for monitoring the organizational compliance with the University Billing procedures.
5. Academic and Department Business Managers will be responsible for reviewing receivables and cash receipt information posted to their respective organizations no less than monthly. Academic and Department Business Managers will be responsible for coordinating funding updates as required.
6. Accounts Receivable Manager will provide departments with a list of customers that have past due balances of 60 days or greater on a monthly basis. Departments will need to respond within 10 business days to prevent a customer from receiving a dunning letter. If it has been determined that a customer cannot or will not pay the outstanding balance, FO-AR will write off the account in accordance with the University Bad Debt policy.

Compliance Auditing

- Financial Operations will conduct periodic audit reviews of deposits through Cash Operations to ensure compliance with this procedure.