

## UNIVERSITY BILLING GUIDELINES AND PROCEDURES

**Summary:** SPA also is responsible for the processing of all non-sponsored external University billing through the Oracle Accounts Receivable module. This includes the creation of accounts receivable within the system, posting of cash receipts against receivables, spreading revenue based on the earnings process, and the dunning process in conjunction with department input. SPA ensures this activity is accurately tracked and recorded for the University.

### **Procedure:**

1. University organizations must submit an invoice requisition form(Attachment A) to [univar@andrew.cmu.edu](mailto:univar@andrew.cmu.edu) for each transaction. Complete and accurate support (e.g., signed agreements) needs to accompany each form in order for the University to maintain auditable documentation for the external audit. This form should be used for any external billings excluding gifts, and sponsored projects.

The form must be completed in its entirety with the following pertinent information:

- Service rendered section for determination of revenue recognition
- Preparer's information, organization, and telephone
- Invoice distribution choice if Department Invoice - AR Copy Only see \*Note below
- 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

***\*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
2. SPA 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 Lockbox noted above

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- 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 or mail to their Lockbox:

Carnegie Mellon University  
PO Box 360154  
Pittsburgh, PA 15251-0154

3. SPA will review invoicing support to determine proper recognition of revenue and deferred revenue if applicable.
  - Revenue-Service has been performed or product delivered (revenue is earned);
  - Deferred revenue-Service will be performed or product delivered in the future

Revenue will be recognized as it is earned. Revenue recognition for transaction types are listed below:

- Educational programs – recognized over course duration
- External Salary Reimbursements-  
    Invoicing for reimbursements- date of invoice  
    Invoicing for payments in advance- prorated over duration of service
- External Services- date of service
- External Support-  
    Invoicing for reimbursements- date of invoice  
    Invoicing for payments in advance- prorated over duration of service
- Corporate Membership Fees- pro-rated over duration of agreement
- Fees-Affiliate Programs- pro-rated over duration of agreement
- Fees-Corporate Conferences date of conference
- Fees-Educational Program- recognized over course duration
- Royalty Income-depends on royalty arrangement
- Visitors Fees – pro-rated over the duration of service
- Conference Sponsorships – date of conference
- Other services –date of service

Examples: Consortium Membership Fee of \$100,000  
Renewal Date = Oct 2020  
Invoice Date = Sept 2020  
Payment Received = Feb 2021

Invoice Date (Sept 20)	Debit	Credit
A/R	\$100,000	

Effective 7/1/04

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Deferred Revenue \$100,000

Receipt of Payment (Feb 21)

Cash \$100,000  
A/R \$100,000

Date of Service (Oct 20)

Deferred Revenue \$100,000  
Revenue \$100,000

Examples: External Salary Reimbursements \$6,550  
Services Start Date = Nov 2020  
Invoice Date= Dec 2020  
Payment Received= Jan 2021

Invoice Date-(Dec 20) Debit Credit  
A/R \$6,550  
Revenue \$6,550

Receipt of Payment-(Jan 21)  
Cash \$6,550  
A/R \$6,550

Examples: Visitors Fee of \$60,000  
Date of Service = Academic Year 2020-2021 (9 months)  
Invoice Date = August 2020  
Payment Received = Sept 2020

Invoice Date (Aug 20) Debit Credit  
A/R \$60,000  
Deferred Revenue \$60,000

Receipt of Payment (Sept 20)  
Cash \$60,000  
A/R \$60,000

Date Service Begins- Sept 20 (revenue recognition 1/9 monthly)

(Sept 20) Deferred Revenue \$6,666.67  
Revenue \$6,666.67

(Oct 20) Deferred Revenue \$6,666.67  
Revenue \$6,666.67

(Nov 20) Deferred Revenue \$6,666.67  
Revenue \$6,666.67

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(Dec 20)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Jan 21)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Feb 21)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Mar 21)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(Apr 21)	Deferred Revenue Revenue	\$6,666.67	\$6,666.67
(May 21)	Deferred Revenue Revenue	\$6,666.64	\$6,666.64

4. Accounts Receivable Director 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. SPA AR department 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, SPA will write off the account in accordance with the University Bad Debt policy.

### **Compliance Auditing**

- SPA AR department will review miscellaneous receipts through Cash Operations to ensure compliance with the above procedure.

## Finance Division

**Purpose of this Form:** To invoice for non-sponsored and non-gift related activity.

Have services been rendered or the product delivered? \_\_\_\_\_  
If **NO**, provide a duration start and end date: Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_

### Contact Information

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_  
Organization: \_\_\_\_\_ Phone Number: \_\_\_\_\_

### Customer Information

Invoice Distribution: \_\_\_\_\_  
If distributing to customer, should attachments be required with the invoice? \_\_\_\_\_  
Customer Name: \_\_\_\_\_  
Address Line 1: \_\_\_\_\_  
Address Line 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Attention: \_\_\_\_\_

Invoice Line Description	Amount
<b>Invoice Amount:</b>	

### Revenue Information

GL Amount	Object Code	Funding Source #	Function	Activity	Organization	Entity
\$						
\$						
\$						
\$						
\$						
\$						

For non-sponsored award invoicing (funding source = 000005, 061000, 062000, 064000, 065000, 066xxx), provide the **Project, Task, and Award:**

\_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

### Authorization (must be different from preparer)

**Authorizer** \_\_\_\_\_ **Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Title** \_\_\_\_\_

**Finance Division Use**

AR processed: \_\_\_\_\_ Date: \_\_\_\_\_  
Customer Number: \_\_\_\_\_ Invoice Number: \_\_\_\_\_

**Submit completed form to Accounts Receivable  
at [univar@andrew.cmu.edu](mailto:univar@andrew.cmu.edu).**

*Updated by Accounts Receivable: 10.26.2018*