

Faculty/Department or Institute:	Financial Operations /Accounts Receivable	Date Created: September 30, 2021
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External Billing Procedures

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1. Purpose

- To provide rules and guidelines with respect to invoices/billings for the sale of goods and/or services to external third parties, research funding and the recovery of expenses paid on behalf of external third parties.
- To provide rules and guidelines with respect to extending credit to external customers.

2. Definitions

- “Authorized” refers to the state of having appropriate authority to initiate or approve an action.
- “Billing” and “Invoicing” are used interchangeably
- “Cash” refers to all forms of monetary transactions including but not limited to cash, cheques, bank drafts, credit card transactions, debit card transactions, electronic funds transfers (EFT), and wire payments.
- “Credit” refers to providing a good or service before payment has been received “
- Employee” means a person employed by the University of Calgary for wages or salary.
- “External Billing” is the generation of a University of Calgary invoice to request payment of goods or services provided by the University to an external party, for research funding or for the recovery of costs incurred by the University on behalf of an external party. Tuition assessments and other transactions recorded on student accounts as well as inter-departmental billings do not fall within this category.
- “Goods and Services” refers to anything tangible or intangible provided to a customer by or on behalf of the University.
- “PS” refers to PeopleSoft
- Retail Sales” / “Retail Revenue” refers to revenue whereby cash is received immediately at the time a good or service is provided.
- “Revenue” refers to revenue as well as recoveries of expenses made on behalf of a third party.
- “Tuition” refers to any fee charged to a student related to attending the University.
- “University” refers to the University of Calgary.

3. Practices and Parameters

3.1. Revenue

All University of Calgary revenue will be recorded through PeopleSoft AR Billing module with the exception of the following:

- Tuition
- Retail sales

- Exceptions approved by the director, financial operations. To request an exception, please e-mail finance@ucalgary.ca for assistance.

Creation of invoices for small dollar amounts should be avoided. Determination of the appropriate amount and the cost-effectiveness of the transaction is at the discretion of the selling unit, however, it is recommended that transactions of less than \$100.00 be by cash sale. Cash handling controls must be in place for situations where cash sales are transacted and can be found in the [Cash Management Procedures Document](#).

3.2. The Decision to Advance credit

A provision of credit comes about when a department or faculty (“department”) chooses to invoice a customer rather than to obtain payment at the time a good or service is provided, or a recoverable cost is paid. Provided that all other provisions within this document are met, the decision to extend credit rests with the budget owner/project holder that is accountable for the department providing the good or service.

3.2.1. Customers

The department who extends credit terms to a customer is responsible for determining the credit worthiness of that customer. Credit must only be extended to:

- high profile customers with well-established business reputations;
- clients and business partners with whom the unit and/or the University has had successful previous dealings;
- clients and business partners proven to be a low or no risk for bad debt;
- government agencies

When a department makes the decision to extend credit terms to a new customer, they must perform a search to determine if the customer already exists in the PS Billing module. To aid in this process, [New Customer Creation Search Tips](#) are posted on the Accounts Receivable website. If the customer does not have an existing account, the department must submit an AR [New/Change Customer Request Form](#) to the Accounts Receivable department.

Departments must notify Accounts Receivable of changes to customer information such as address or telephone number as soon as such information comes to their attention. This is also done using the AR [New/Change Customer Request Form](#)

3.3. Invoicing and Approvals

Supporting documentation must be in place between the department and the customer prior to delivery of a good or service or payment of a recoverable cost. Documentation includes the following:

- Contract

- purchase order (PO)
- work order
- notice of award
- communications with the customer

The department must ensure the representative signing on behalf of the external party has the authority to do so. Supporting documents must include fee/price, returns/refunds, billing and payment terms, description of goods or services and any other applicable matters. The PO, work order, contract number or other agreement reference number must be cited on invoices.

Invoices, including credit invoices, to external parties must be:

- processed using the PeopleSoft billing module (unless prior approval for a unique invoicing practice has been granted by the director, financial operations as per section 3.1.c of this document);
- processed and sent to the customer no later than 7 days after delivery of goods or services or payment of a recoverable cost;
- forwarded to the customer's accounts payable department. If required, a courtesy copy may be sent to the client contact

3.3.1. Invoicing for Parties Other than the University of Calgary

No individual, company, group or association should use the University of Calgary's stationery or address or represent themselves in any way as the University to solicit funds unless the funds are for the University and will be deposited into the University's bank accounts.

3.3.2. Approval of Invoices

The budget owner/project holder must approve all invoices created for their department. There are two methods to document proper approval.

- Approvals must be included with the invoice's supporting documentation. E-mails with budget owner/project holder approval are acceptable

The budget owner/project holder must ensure the following before approving an invoice:

- The invoice is for a good or service provided by the University, approved project funding, or the recovery of the payment of an expense made by the University on behalf of a third party
- There is a proper contract or agreement as outlined in section 3.3 in this document
- The appropriate chartfield string is being used for accounting purposes
- The appropriate GST code is being used as per section 3.5.2 of this document.

3.3.3. Payment Terms

The University's standard payment terms are net 30 days from invoice date. If special circumstances warrant a change in the terms offered to a customer, please contact Accounts Receivable at finance@ucalgary.ca.

3.3.4. Foreign Currency Transactions

PS allows for invoices to be created Canadian (CDN\$) and United States (US\$) currencies. Detailed instructions on how to create foreign currency invoices in PS can be obtained from Accounts Receivable. The University will accept payment in currencies other than CDN\$, however there are different constraints depending on which currency. For more information please see the Foreign Currency Section in the Cash Management Procedures. It is strongly suggested that invoices are created and customers pay in CDN\$ whenever possible.

3.3.5. Cost Recovery Invoices

When recovering expenses paid on behalf of a third party there are two types of transactions; recovery with a mark-up and recovery with no mark-up. The accounting treatment for each transaction type is different:

A) Recovery with a mark-up

- If the amount being recovered is more than the amount paid it is a recovery with a mark-up. This is considered to be a sale.
- The GL account credited must be a revenue account, not an expense account
- GST is to be charged as it would be for a normal sale of the good or service (see section 3.5 for detailed information on GST treatment).

B) Recovery with no mark-up

- If the amount being recovered is not more than the amount paid it is a recovery without a mark-up. This is considered to be a true recovery.
- The unrecoverable portion of GST should be included in the recovery as part of the base expense; however the recoverable portion should not be included.
- No GST should be charged on the invoice (see section 3.5 for detailed information on GST treatment).

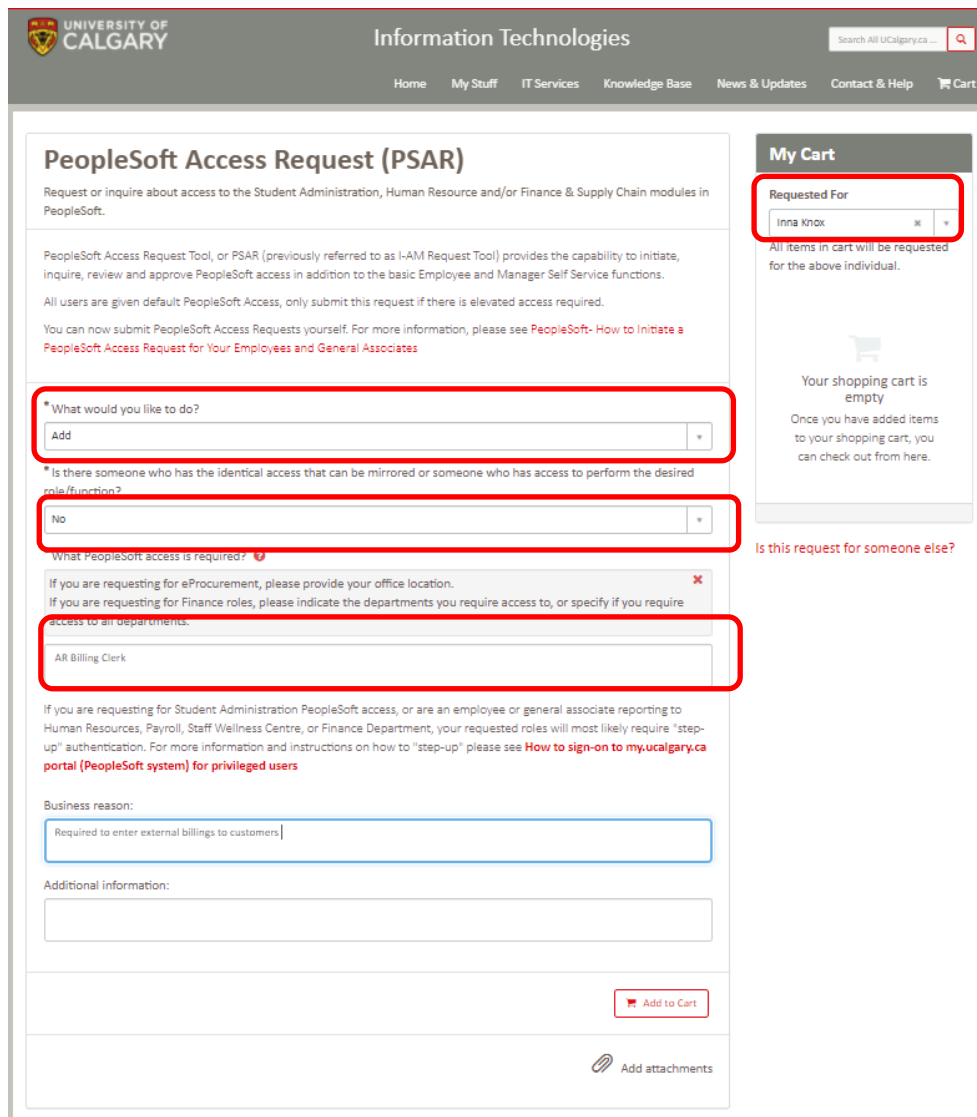
3.4. Billing Unit responsibilities

- 3.4.1. Access
Request access to PeopleSoft billing module.

https://ucalgary.service-now.com/it?id=sc_cat_item&sys_id=249cd80713a7da006603d7b2e144b046

Select criteria as per screenshot below

Make sure to select the correct individual on the right hand side of the screen.



The screenshot shows the 'PeopleSoft Access Request (PSAR)' form. The form is titled 'PeopleSoft Access Request (PSAR)' and includes a search bar at the top right. The form contains several sections:

- Request Information:** A dropdown menu labeled 'What would you like to do?' with 'Add' selected. Below it, a dropdown menu labeled 'Is there someone who has the identical access that can be mirrored or someone who has access to perform the desired role/function?' with 'No' selected.
- Access Requirements:** A section titled 'What PeopleSoft access is required?' with a dropdown menu showing 'AR Billing Clerk'.
- Business Reason:** A text input field containing 'Required to enter external billings to customers'.
- Additional Information:** A large empty text area.
- My Cart:** A sidebar on the right titled 'My Cart' with a 'Requested For' dropdown menu showing 'Inna Knox'.

Red boxes highlight the 'Add' dropdown, the 'No' dropdown, the 'AR Billing Clerk' dropdown, and the 'Requested For' dropdown. A red box also highlights the 'My Cart' sidebar. The text 'Is this request for someone else?' is visible below the 'My Cart' sidebar.

Please visit the Training and Development website to access training materials:
<https://www.ucalgary.ca/hr/training-development/how-learning-resources/finance-admin-tasks>

Accounts Receivable (Cash & Billing)

Create a Regular Deposit	▼
Express Billing: Create Invoice for a Project	▲
<ul style="list-style-type: none"> ▪ Express Billing: Create Invoice for a Project PDF 	
Express Billing: Create Invoice for Operations	▲
<ul style="list-style-type: none"> ▪ Express Billing: Create Invoice for Operations PDF 	
Other Resources	▼

- 3.4.2. Timing
 New invoices must not be backdated into prior periods, as this would also create significant system errors.
- 3.4.3. Billing Correction
 To adjust or credit an invoice created in PeopleSoft; please refer to training material section for billing correction

3.5. GST

It is the department's responsibility to ensure that all billings receive the correct GST assessment. The billing module has built in GST functionality to automatically calculate the applicable GST amount depending on which of five (5) possible GST codes is assigned to a billing. Therefore, the correct GST treatment is a function of the billing unit assigning the correct GST code. If the department has questions about which GST code is applicable, send an email to gstinfo@ucalgary.ca for more information.

- 3.5.1. GST Codes: the five (5) applicable GST assessment codes are:
- T: Taxable Sales Assessment
 This category applies to billings for sale of goods or services for which GST is applicable.
 - Z: Zero Rated Sales Assessment
 This category applies to billings for sale of taxable goods and/or services:
 - ✓ to provincial government bodies/departments that provide a letter of exemption;
 - ✓ to status Indians when the goods are delivered to the reserve and/or the services are provided on the reserve;

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- ✓ to non-residents if the good or service is exported (proof of export must be retained by the unit);
- ✓ may also apply to prescription drugs and biologics, medical and assistive devices, agriculture and fishing products

- NoVat

Not Taxable Assessment. This category applies to billings where there are no goods or services supplied in return for the payment, that is, no sale is being transacted.

Examples of such transactions include:

- ✓ grants;
- ✓ donations;
- ✓ event sponsorships;
- ✓ advances and/or loans pertaining to research contracts

- D: Direct Recovery Assessment.

This category applies to invoices for direct cost recovery, where no profit or mark-up exists. The billed amount should be equal to the expense incurred, plus the non-recoverable portion of the GST incurred on the original expense. Amounts related to the recoverable portion of GST should not be included on direct recovery billings. No GST will be calculated on these transactions.

- I: Included Assessment.

This category applies when the amount entered into the invoice is the gross amount owing and includes GST. All invoices created using this VAT code should be coded to GL account 45025 (Sales of G&S – GST inclusive). An entry is performed by Financial Services on a monthly basis to back out the GST for remittance to the government. This GL account should not be used with any other VAT code. Any exceptions to these coding rules must be approved in writing to gstinfo@ucalgary.ca.

3.6. Payments

3.6.1. Remittance Address

Payments must be remitted directly to Accounts Receivable. The billing module automatically prints this instruction, along with the appropriate mailing address, on all invoices.

3.6.2. Payee

Payments must be made payable to the University of Calgary. The billing module automatically prints this instruction on all invoices. Cheques made payable to a payee other than the University of Calgary will be returned to the customer with a request to re-issue with the correct payee information.

3.6.3. Changes to the Cheque

Cheques must not be changed or manipulated by a University staff member in any way. This includes changing the date, amount or payee. If this occurs, cheques will be immediately returned to the customer for re-issue.

3.6.4. Payments Received in Departments

If a department receives a payment that is intended for a PeopleSoft invoice, it must be forwarded immediately to Accounts Receivable. Such payments must NOT be included in deposits dropped off the main campus and medical bookstores as this could result in revenue being recorded twice and the payment not being credited to the customer account.

3.6.5. Discrepancies between Payment Amount and Amount Owing

Accounts Receivable may write off residual differences no greater than \$10 between invoice and payment amounts. Discrepancies larger than \$10 will result in a balance or credit on the customer's account.

3.6.6. Unidentified Payments

Payments without an identifying U of C invoice number are placed in an unallocated account and followed up for customer clarification and instruction by the Accounts Receivable department. If you believe a payment belonging to your area may have been placed in suspense, please e-mail finance@ucalgary.ca.

3.7. Wires

3.7.1. Request for UofC Banking Information

To send payments by EFT or wires, customers require the University's banking information. Please complete the [Banking Information Request Form](#) to initiate this process. Only Accounts Receivable is authorized to provide this information to customers.

Notification/remittance of EFT or wire transfer is required to be sent to finance@ucalgary.ca

3.7.2. Required Information on Incoming EFT or Wire Payments

For Accounts Receivables to allocate the wire payment correctly, the following information is required (if applicable):

- Invoice number
- Project number
- Conference name
- Student ID
- Any other pertinent information that will help us identify the payment

3.8. Returned Items

- Invoice payments originating with cheques that are subsequently returned for non-sufficient funds (NSF) will be reversed from the customer's accounts receivable account. The affected invoice(s) will be aged from the original invoice date(s).
- The department will be notified of the dishonored payment and will be responsible for following up to obtain a replacement payment from their customer.
- The customer's accounts receivable account will be assessed a \$25.00 fee per NSF item to offset the related bank service fee incurred by the University.
- Dishonored cheques returned for reasons other than NSF will be dealt with by Accounts Receivable who will take appropriate action depending upon the reason for the return.

3.9. Collections and Write-offs

3.9.1. Financial Services' Accountabilities for Collection

The Accounts Receivable department provides support for collection activity by producing and dispatching the following correspondence:

- Monthly "Statement of Account"; and/or
- Late notices per the following schedule:
 - ✓ at 30 to 60 days past due --- First Notice;
 - ✓ at 60 to 90 days past due --- Second Notice;
 - ✓ at 90 or more days past due ---Final Notice (with approval by department)

3.9.2. Returned Mail

Invoices and statements returned by the post office due to an incorrect address will be forwarded to the department for correction. If the department does not provide a revised address, Accounts Receivable will move forward with collection activities.

3.9.3. External Collection Agency

When a collection agency is used, the department assumes responsibility for all associated costs. Collection agencies charge a fee equal to a percentage (20% or more) of any amounts received from the customer by either the agency or the University.

To initiate collection agency action, the department must forward a completed [Collection Agency Authorization Form](#) along with copies of all supporting documentation to Accounts Receivable. Accounts Receivable is the department's liaison with the collection agency, and will:

- provide the department with the agency's collection terms and conditions;
- co-ordinate with the collection agency and keep the department apprised of the agency's progress;
- credit the customer's account with amounts recovered by the collection agency;
- charge back the collection fee to the appropriate department

3.9.4. Write-Offs

If the department determines that the receivable is uncollectable after all collection efforts have been exhausted, they must initiate a write off using the [Write-off Request Form](#). All write offs are charged to the department's bad debt expense or, if available, their existing allowance for doubtful accounts. The GST portion of write-offs is charged back to the applicable GST general ledger account.

Write offs that pertain to a project and are determined to be uncollectable are to be charged back to the project utilizing the bad debt expense account. If there is insufficient room on the project for this debit, then the uncollectable receivable will be written off to the department's bad debt expense.

3.9.5. Allowance for Doubtful Accounts

If an invoice remains unpaid for more than 180 days, the dollar value of the invoice will be added to the allowance for doubtful accounts and charged to the department's bad debt expense.

3.10. Recovery of Write-offs

Payments received for invoices that had previously been written-off must be forwarded to Accounts Receivable. These payments will be credited back to the bad debt account that had been charged at time of write-off. If applicable, the GST portion will be credited back to the applicable GST account. Accounts Receivable will notify the department if and when recovery transactions are posted.

3.11. Credit Balances and Refunds

In the event a credit balance results from an over payment, duplicate payment or payment of a cancelled invoice, Accounts Receivable will first apply the credit balance to any other outstanding invoices on the customer account and then refund any excess. Accounts Receivable will advise the customer of the adjustment on their account. To initiate a refund a [Customer Refund Request Form](#) must be completed.

3.12. Supporting Documentation

University of Calgary records must be maintained both departmentally and centrally for a set period of time as dictated by the University of Calgary Retention and Disposal Procedure. This includes copies of deposits, receipts, refunds, transelect batch reports, IVR's, and all other backup.

For regulations concerning appropriate retention time periods and disposal of documents, please refer to the University of Calgary Master Record Retention Schedule at <https://asc.ucalgary.ca/marrs>

Records must be stored at a central and secure location within each department; readily available for review by Financial Services, internal auditors and external auditors; and filed by month by fiscal year.

Supporting documentation must include:

- Appropriate invoice approval
- A copy of the invoice
- A copy of the customer agreement
- A copy of the original purchase order
- A copy of all write-off requests