

 <p>Category: Financial</p> <p>Policy applicable for: Faculty/Staff</p>	<p><i>Policy Title:</i></p> <p>Accounts Receivable Invoicing (Non-Student) and Cash Handling</p> <p>Effective Date: 09/13/2016</p> <p>Prior Effective Date: mm/dd/yyyy</p> <p>Enabling Acts: ORC 131.02</p>	<p><i>Policy Number:</i></p> <p>2.1.33</p> <p>Policy Owner: Sr. VP for Administration and Finance</p> <p>Responsible Office(s): Treasurer's Office Controller's Office</p>
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Background

University of Cincinnati departments and colleges provide goods and services to various external customers and may receive payment in the form of cash, checks or through other means. While it is preferred those departments require payment before or upon delivery of a good or service, under certain circumstances it may be necessary to extend credit to a customer. Any department or college providing these goods or services on credit is responsible for accurately invoicing the customer, creating the account receivable, collecting the customer payment and working with Treasury to collect past due accounts.

Use of the UC Flex Accounts Receivable module along with the university's lockbox network provides several benefits to the university, including:

- Greater flexibility, speed and accuracy in identifying remittances (both checks and electronic remittances)
- Improved cash flow and cash flow projections
- Improved internal controls, including reduced risk of misappropriation and handling risk
- Reduction/elimination of redundant processing

Reporting of invoicing and accounts receivable activity must be done in compliance with generally accepted accounting principles and GASB reporting requirements.

Definition of Certain Terms

Accounts Receivable (AR): Money owed by customers (individuals, corporations or other entities) to the university in exchange for goods or services that have been contracted for, delivered or used, but not yet paid for.

Collections: Receipt of money owed to the university by external customers. Collections require an active effort by departments or colleges to contact external customers and collect amounts due.

Invoiced Payment: An invoice is a bill or other communication sent out by the university for a product or service reflecting an amount due to the university. It serves an integral role in tracking the university's outstanding accounts receivable.

Lockbox: A service provided by a bank to the university to receive payments due to the university. Using this service, payments due to the university are directed to a special post office box, rather than being delivered directly to the university. The bank receives the payments from the post office, deposits the funds directly into the university's bank account and then transmits the remittance information electronically to the university.

Retail Transaction: A retail transaction is a payment for goods or services sold directly to and generally paid for by individual consumers at the time of the sale or order. Payment may be made by credit card, cash, e-check, or check. Examples of retail payments are theatre tickets purchased by individuals, loads to the Bearcat card, payments by students for a doctor visit to University Health Services, or payments for tickets to a UC football game.

Retail transactions should not be included as part of an accounts receivable entry. Questions on if a payment qualifies as a retail transaction should be directed to the Office of the Treasurer.

Standard Payment Terms: Standard payment terms are net 30 days. Use of non-standard payment terms requires approval of the Office of the Treasurer.

Policy

- I. Any sale or transaction that creates or should create a receivable should be recorded in UC Flex within **seven (7)** days of the transaction, but in no event no later than the close of the month in which the transaction took place. For those relationships where there is a contract or applicable governmental regulation, such as a grant or award, or compliance with Institutional Review Board protocol, the contract, regulation or protocol should be followed for grantor/customer billings. Departments/auxiliaries utilizing business specific software to record sales and receivable data may use a summary journal entry processed in UC Flex to record their monthly activity.

Any exceptions must be pre-approved by the Office of the Treasurer.

- II. Invoices should be processed in the UC Flex Accounts Receivable module whenever practical. Invoices will contain the following information:
 - a. Invoice Date
 - b. Name and address of customer
 - c. Customer contact name(s)
 - d. Description of item(s) purchased
 - e. Amount due
 - f. Standard payment terms
 - g. Payment due date
- III. ALL payments for invoices (includes both checks and electronic funds transfers) must be sent directly to the university's lockbox. Retail transactions such as loads to the Bearcat card are not required to be sent to the lockbox. Contact the Office of the Treasurer with any questions.

To assist departments in managing their accounts receivables, an aging report should be prepared and reviewed at the end of each quarter by all departments that have outstanding accounts receivable.

An aging report is a listing of all open invoices categorized by customer, days outstanding and amount. The report provides insight into which customers are past due, highlights potential collection problems, provides collection and cash flow metrics and assists in the coordination of Treasury's collection efforts with the Ohio Attorney General.

If the department uses the UC Flex Accounts Receivable module, aging reports are available in UC Flex (ZAR_AGE or ZAR_FUND_AGE). Departments using non UC Flex accounts receivable systems must prepare aging reports using the template identified in the link provided at the end of this policy.

- IV. Departments and colleges are responsible for their receivables (current and past due). This includes invoicing, monitoring past due receivables, contacting the customer for payment, and ultimately working with the Office of the Treasurer and the office of the Ohio Attorney General to facilitate collection of past due accounts receivable balances.
- V. An aging report must be prepared by the invoicing department or college as of the last business day of each quarter and for May. Aging reports are due to the Office of the Treasurer immediately following period end. The department head must attest at the end of each fiscal year to the correctness of the aging reports as of June 30 to the Office of the Treasurer by the close of period 12.

- VI. Cash Handling: Departments receiving physical cash or checks for payment are required to deposit the funds with the Cashiers office or through other means made available by Treasury within 7 days of receipt of the payment.
- VII. Any exceptions to this policy must be approved by the Office of the Treasurer.

Related Links:

[**Accounts Receivable Aging Template**](#)

Phone Contacts:

Office of the Treasurer	556-4510
Office of the Controller	556-3152