

# UC Davis Policy and Procedure Manual

## Chapter 330, Financial Management and Services

### Section 89, Billing for Accounts Receivable

Date: 4/24/02

Supersedes: 6/28/01

Responsible Department: Accounting and Financial Services

Source Document: UC Accounting Manual

---

[Exhibit A. Accounts Receivable Customer Number Request](#)

[Exhibit B. Accounts Receivable Invoice Detail Account Code Request](#)

#### I. Purpose

This section describes the policy and procedures for the use of the Banner Student Information System (Banner) UC Davis Invoice and the Davis Financial Information System (DaFIS) Accounts Receivable Invoice to bill for fines, department services, claims for reimbursement, and other miscellaneous obligations due the University. This section does not apply to travel advances or UC Davis Medical Center and School of Medicine Professional Billing Group patient care accounts receivable, which are covered in other policies and procedures (see V, below). For information regarding collection of accounts receivable and action on unpaid invoices, see Section 330-90.

#### II. Policy

##### A. General

1. Although cash for authorized sales should be collected whenever possible, credit may be granted in cases where no facilities for cash collection exist or noncollection of cash is deemed to be in the best interest of the University. In these cases, prudence with respect to the credit risk incurred must be observed at the time of transaction.
2. Formal arrangements that require the extension of credit beyond 30 days must have the approval of the Vice Chancellor--Administration except when established University policies or regulations specifically provide authorization for such arrangements.
3. Implicit in the granting of credit by campus departments is the intention that payment will be made in full upon receipt of an invoice.
4. Departments must prepare a UC Davis Invoice (Calcode 71461-900) or a DaFIS Accounts Receivable Invoice (see DaFIS User's Guide) to bill individuals and organizations for amounts due the University (fines, service expenses, reimbursements, miscellaneous obligations) for which cash was not collected at the time an obligation was incurred.
5. Prompt billing is essential for the effective management of receivables. Invoices should be issued either at the time the charges are incurred or, if the bills are prepared monthly, within the current monthly billing period.
6. When the total amount of a UC Davis Invoice will be less than \$5.00, departments should raise the amount to cover the administrative cost associated with the billing. When the amount due is less than \$5.00, the customer should be advised that there is a minimum charge of \$5.00 and the statement "Minimum charge \$5.00" should be placed on the invoice.

##### B. Granting of credit

The granting of credit is not a primary function of the University of California; therefore, credit will be granted only as follows:

1. Students Credit is granted to students as required for the administration of fines and the assessment of additional fees that may be determined to be applicable after the student registers. Credit is also granted to students in accordance with existing policies pertaining to student loans and deferred payment of fees.
2. General public Credit may be granted to the general public (which may include students and employees) by departments that are authorized to provide services or products. These services or products are normally provided as an adjunct to instruction or research activities.
3. Governmental units, foundations, and medical financial sponsors Credit is automatically extended to governmental units, foundations, and medical sponsors during the time claims for reimbursement are outstanding. Diligence must be exercised to ensure timely billing and collection efforts to minimize the receivables arising from these claims.

### **III. Completion of the UC Davis Invoice Form**

Bills to current students and Sodexo Marriott Services must be processed through Banner. Bills to employees, former students, the general public, or a governmental agency are processed either through Banner or the DaFIS Accounts Receivable System (see the DaFIS User's Guide). The following information is for Banner users.

- A. UC Davis Invoice forms are available from the Storehouse (Calcode 71461-900) and are prenumbered.
- B. The customer number must be included on the UC Davis Invoice before it is mailed to the customer.
  1. A student's customer number is the 9-digit student number appearing on the student's UCD photo identification card.
  2. An employee's customer number is the 9-digit employee number appearing on the employee's paycheck or Surepay earnings statement.
  3. The customer number for a member of the general public (nonstudent, nonemployee) is a 9-digit number assigned by the Student Accounting Office.
  4. A company or organization's customer number is a 9-digit number assigned by the Student Accounting Office.

The customer number may be obtained from Student Accounting by completing the Accounts Receivable Customer Number Request (Exhibit A) and mailing or faxing it to the Student Accounting Office. The Student Accounting Office is the office of record for customers' addresses. Departments should promptly notify the Student Accounting Office of any changes in a customer's address so the Banner system can be updated.

- C. The Detail Code is an association of a 4-character alphanumeric code to the departmental account to be credited. The Detail Code is obtained from the General Accounting Office by

completing the Accounts Receivable Invoice Detail Account Code Request (Exhibit B).

- D. The preparer must verify that the total shown in the center (credit accounts) section of the form equals the total shown in the lower (description) section.

**IV. Completion of the UC Davis Credit Memo Form**

- A. UC Davis Credit Memo forms are available from the Storehouse (Calcode 71461-901) and are prenumbered.
- B. The following information from the UC Davis Invoice that is being canceled or reduced is transferred to the UC Davis Credit Memo: customer number, invoice number, customer name, customer address.
- C. The preparer must verify that the total shown in the center (debit accounts) section of the form equals the total shown in the lower (description) section.

**V. Procedures for Completing the Billing Process**

Responsibility	Action
<i>To bill a customer:</i>	
Department	1. Prepares UC Davis Invoice.  2. Mails invoice: <ul style="list-style-type: none"> <li>a. Mails white original and yellow "Customer Copy" to customer. Customer will remit yellow copy with payment to Cashier's Office or Lock Box, and retain original white copy.</li> <li>b. Mails pink "Accounting Office Copy" to Student Accounting Office on the same day the invoice is mailed to customer.</li> <li>c. Retains goldenrod "Departmental Copy."</li> </ul>
Student Accounting Office	3. Processes pink "Accounting Office Copy," establishing accounts receivable and crediting department account(s).  4. Renders monthly statement of accounts to customers listing customer's unpaid invoices and requesting payment of past due balances.  5. If invoice remains unpaid after completion of University collection effort, assigns invoice to external collection agency or writes off invoice as bad debt charge to department account (see Section 330-90).  6. Credits department accounts for recoveries of previously written-off invoices.

<i>To cancel/reduce an invoice</i>	
Department	<p>7. Prepares UC Davis Credit Memo as described in IV, above.</p> <p>8. Mails credit memo:</p> <p style="padding-left: 40px;">a. Mails white "Customer Copy" to customer notifying them of the credit.</p> <p style="padding-left: 40px;">b. Mails yellow "Accounting Office Copy" to Student Accounting Office on the same day the credit memo is mailed to customer.</p> <p style="padding-left: 40px;">c. Retains pink "Department Copy.</p>
Student Accounting Office	9. Processes yellow "Accounting Office Copy," crediting customer's accounts receivable and charging appropriate department account(s).

**VI. References and Related Policies**

- A. UC Accounting Manual (<http://www.ucop.edu/ucophome/policies/acctman/>):
1. Chapter H-214-7, Health Care Services: Professional Fees.
  2. Chapter H-576-60, Medical Centers: Patient Accounts Receivable.
  3. Chapter R-212-2, Receivables Management.
- B. UCD Policy & Procedure Manual (<http://manuals.ucdavis.edu/ppm/welcome.htm>):
1. Section 300-10, Travel Policies and Regulations.
  2. Section 330-50, Sales of University Supplies and Services.
  3. Section 330-90, Collection of Accounts Receivable.