

UC Davis Policy and Procedure Manual

Chapter 340, Rates, Recharges and Sales Activities

Section 20, Billing Procedures of Service Activities

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Responsible Department: Accounting and Financial Services

Source Document: UC Business and Finance Bulletin A-47, University Direct Costing Procedures

I. Purpose

This section provides the policy and procedures for service activity billing. For information on billing non-University customers, refer to [Section 330-89](#).

II. Policy

- A. A service activity's sales and reimbursement proceeds are the property of the University and must be credited to a University account with the same Office of the President UC fund number as the account originally charged with the cost of goods delivered or services rendered (see [Business and Finance Bulletin A-47](#)).
- B. Each service activity is responsible for maintaining a system that records and bills its charges for services rendered and goods delivered to user departments and non-University users.
- C. The service activity's system must provide user departments with billing information in sufficient detail to enable the user department to verify the charges against its ordering and receiving records.
 1. The information must be accessible through the University General Ledger (Decision Support).
 2. Paper documentation of services is not acceptable unless the services provided are sensitive or confidential.
- D. The service activity must post charges to the appropriate departmental accounts in the general ledger at least monthly, or as charges are incurred if less frequently (e.g., quarterly).
- E. All service units must accept the billing ID and the abridged full accounting unit (AFAU). The AFAU consists of chart, account, sub-account, and project.
- F. Service activities must observe the following accounting standards when charging users:
 1. Users must not be charged in advance of their receipt of goods or services.
 2. Expenditures must be funded at the time services are rendered or goods are delivered, and must not be processed against clearing accounts or any other accounts established for the purpose of delayed expenditure recording.
 3. Charges for goods or services must reflect only those rates or markups that have been reviewed and approved as outlined in [Section 340-25](#).
- G. Service activities must retain records supporting charges to users for the periods specified in the records disposition schedules (see [Section 320-10](#)).
 1. To assure compliance with Federal requirements, service activities generally retain such records for 8 years.
 2. Records must be available for audit by Federal, State, and University auditors.

III. Roles and Responsibilities

- A. The department requesting the services:
 1. Provides a valid billing ID or AFAU at the time an account is established with the service

activity or upon placement of an order for goods or services.

2. Reviews and approves or disapproves the billing transaction.
3. Notifies the service activity when billing ID or AFAU is no longer valid or has changed.

B. The recharge department:

1. Provides the service.
2. Charges the department, using the department-provided valid billing ID or AFAU in addition to a recharge activity object code.

IV. Procedures

- A. The user department contacts the recharge department to arrange for service.
- B. The service activity posts charges against user departments' accounts by one of the following methods:
 1. Kuali Financial System (KFS) Internal Billing (IB) document.
 2. Electronic feed directly into the General Ledger (Decision Support).
- C. Charges for materials should include the unit cost, number of units, and a specific description of the item. Charges for services should provide the rate, amount of time, and a description of the service.
- D. When using automated feeds:
 1. Service activities are not required to accept sub-objects from customers.
 2. Service activities that accept both the billing ID and the AFAU must advise Accounting and Financial Services—Systems Operations (<http://accounting.ucdavis.edu/SO/staff.cfm>) so that appropriate conversions to general ledger accounts are made.
 3. The transaction document number that is fed to the general ledger must be a unique number that is never repeated between feeds.
- E. The user department approves or disapproves IBs routed in KFS within 5 days of initiation. (Documents will auto-approve after 5 days.) For more information, see <http://accounting.ucdavis.edu/ga/billing.cfm>.

V. Further Information

- A. Additional information is available from General Accounting, <http://accounting.ucdavis.edu/ga/staff.cfm>.
- B. For additional information on the automated billing feed, call the FIS Help Desk at (530) 752-3855 or e-mail fishelp@ucdavis.edu.

VI. Reference and Related Policy

- A. Office of the President, Business and Finance Bulletin A-47, University Direct Costing Procedures (<http://policy.ucop.edu/doc/3420326>).
- B. UCD Policy and Procedure Manual (<http://manuals.ucdavis.edu/ppm/about.htm>)
 1. Section 320-10, Records Management Program.
 2. Section 330-89, Billing for Accounts Receivable.
 3. Section 340-25, Recharge Activities.