

Financial Services Standard Operating Procedure No. 3511			
Title	Customer Billing and Collections	Related Policy No.	<a href="#">UMB VIII 6.00 (A)</a>
Last Updated	September 17, 2015	Refer Questions To	Associate Controller Financial Services 410-706-2509
Approved By	Kathleen Byington Chief Administrative and Finance Officer		

**Purpose** This procedure establishes instructions and guidelines for billing external persons and organizations for goods and services provided by University of Maryland, Baltimore (UMB) departments through non-sponsored project activities in accordance with UMB policy VIII-6.00 (A).

**Scope** This procedure applies to all billing arrangements between UMB and external entities, except for [sponsored project](#) billings and student tuition and fee billings. Generally, the billing arrangements covered under this procedure are related to state, auxiliary, and revolving fund activities, but other activities may fall under this procedure. This procedure does not apply to interdepartmental billings.

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- General Guidelines**
- I. [Financial Services-General Accounting \(FS-GA\)](#) utilizes the billing module within the eUMB financial system to generate, process, and account for transactions between UMB and [external entities](#). This module is considered the UMB Customer Billing System (CBS).
  - II. Departments submit an [Online Invoice Request Form \(OIR\)](#) with supporting documentation to FS-GA. The supporting documentation must include a description of the goods or services rendered, amount(s), recipient, and transaction date. FS-GA may ask for additional information as needed to process the OIR.
  - III. Generally, invoice requests will be processed within two business days after being received in FS-GA with sufficient supporting documentation.
  - IV. Customer payments are due within 30 days of the invoice date (i.e. payment term is "Net 30").

- V. Customers are encouraged to mail payments to the lockbox address provided on the invoice. Payments are also accepted in the Cashier's Office located at 601 W. Lombard Street, 2<sup>nd</sup> Floor.
- VI. After FS-GA processes payments, the [chartstring](#) entered by the requesting department on the OIR will be credited. Generally, the department receives the credit on the next business day after the payment is processed.
- VII. The owner of the department project that will receive the revenue is responsible for collecting amounts due on unpaid invoices, and must support FS efforts to collect unpaid invoices and debts.
- VIII. Departments are responsible for analyzing [accounts receivable aging reports](#) to determine whether additional action may be needed to collect amounts due.
- IX. [Dunning letters](#) are generated monthly by FS-GA for invoices over 30 days past due and until an invoice is over 120 days past due. FS-GA will mail dunning letters to the customer at the address stored in CBS.
- X. FS-GA will transfer uncollected accounts over 120 days past due to the [State of Maryland Central Collection Unit \(CCU\)](#) as required by State regulations. CCU adds a fee to the outstanding balance of the account.
- XI. If FS-GA is aware that a claim for payment is disputed, it will notify the department involved, and work with University Counsel and assigned FS personnel to evaluate the defenses and consider whether to adjust the invoice.

Procedures

- I. Invoicing for Goods and Services
  - A. Requesting Invoices
    1. Department completes the [Online Invoice Request Form \(OIR\)](#).
    2. Enter detailed information as instructed such as dates of service, description of product or services, amount, etc.
    3. Upload documents to be attached and mailed with the invoice.
    4. Click the submit button to deliver the OIR and any attachments to FS-GA.
  - B. Processing Invoices
    1. FS-GA reviews and enters the OIR information into CBS.
    2. FS-GA prints and mails processed invoices to customers, unless other arrangements have been made.
    3. Payment instructions are included in the printed invoice.
  - C. Payments
    1. The preferred method for payment is to send a check or money order to the [Customer Billing Lock Box](#) at the address printed on the invoice.
    2. Customers may also pay invoices at the [Cashier's Office](#) using a check, credit card, money order, or cash.
    3. Payments received by a UMB department must be deposited at the Cashier's Office no later than the first working day after the day of receipt. When possible, receipts should be deposited on the day received, especially when large amounts are involved. The [Deposit Summary Form](#) and instructions for departmental deposits are available on the [Cashier's Office website](#).

4. Payments may be made by wire transfer, ACH, or interagency transfer as instructed on the invoice.
5. Fees associated with payments, such as credit card transaction fees, wire transfers, and exchange rate differences will be charged to the chartstring listed on the OIR.

#### D. Accounting

1. CBS creates the following accounting entry at the time an invoice is processed:
  - Debit Department Project Account Receivable (7132)
  - Credit Department Project Deferred Revenue (8530)
2. After FS-GA applies the payment to an invoice, CBS creates the following accounting entries:
  - a. Debit Department Project Deferred Revenue (8530)
  - Credit Department Project Account Receivable (7132)
  - b. Debit Department Project Cash (7010)
  - Credit Department Project Revenue (OXXX) designated on the OIR
3. Accounting entries are posted to the general ledger (GL) after the nightly process runs in eUMB Financials.

#### II. Invoice Adjustments

An adjustment may be needed to correct an error, change the amount billed, reverse an invoice, or correct the accounting information (e.g. wrong department number, etc.).

- A. Department emails FS-GA to request an adjustment.
- B. Includes the original invoice number and documentation describing the reason for the adjustment.
- C. FS-GA may request additional information to substantiate the adjustment request; FS-GA reviews the information and may consult University Counsel and others in campus administration.
- D. If FS-GA accepts a request for adjustment, it enters the adjustment into CBS.
- E. FS-GA prints and mails adjustment invoices to the department.

#### III. Collections

- A. [Dunning letters](#) are generated monthly by FS-GA for invoices over 30 days past due until an invoice is over 120 days past due. FS-GA mails dunning letters to the customer at the address stored in CBS.
- B. After three dunning letters have been sent to the customer, FS-GA transfers delinquent customer accounts to [CCU](#).
- C. CCU adds a collection fee to delinquent accounts. The customer is responsible for paying collection fees.
- D. Departments must monitor their receivables and work with FS-GA to support collection efforts when needed.
- E. Departments must notify FS-GA immediately if a customer is known to be insolvent or to file for bankruptcy protection.

#### Responsibilities I. Schools and Departments

- A. Initiate invoice requests using the Online Invoice Request form.

- B. Submit invoice requests timely to FS-GA.
- C. Retain all supporting documentation (e.g. agreements, event information, attendees, etc.).
- D. Regularly review accounts receivable aging reports to identify payments and delinquent customer accounts.
- E. Monitor and resolve issues related to open receivables.

II. Department of Financial Services-General Accounting

- A. Oversee Customer Billing System functions.
- B. Process invoice requests timely.
- C. Mail invoices to customers, unless other arrangements have been made.
- D. Apply payments timely.
- E. Mail dunning letters to customers.
- F. Send to CCU delinquent accounts that are unpaid after three dunning letters to CCU. Send delinquent accounts to CCU immediately if the customer is known or suspected to be insolvent or bankrupt.

III. Department of Financial Services-Cashier's Office receives and posts payments to GL account 7136 - CBS Clearing.

Terms and Definitions

Term	Definition
Accounts Receivable Aging Report	A periodic report that presents outstanding receivables. The report is a tool for identifying payments, unpaid invoices, length of time invoices remain unpaid, and the amounts due UMB.
Chartstring	A grouping of individual chartfields that in combination with each other represents a unique funding identifier where accounting/financial activity is recorded.
Customer Billing Lock Box	A service offered by the bank to receive and process deposits. UMB uses the lock box to facilitate check and money order payments and deposits.
Customer Billing System (CBS)	Module within the financial system used to generate, process, and track university invoices, related reports, and dunning letters.
Dunning Letter	A notification to a debtor of an outstanding debt owed to UMB. The dunning letter includes outstanding balance and contact information, demand for payment, and information about additional collection action that may be taken.
External Entity	A separate organization or individual that enters into an agreement with UMB. External entities are not included in UMB's financial system. Examples include private and public companies, nonprofit organizations (including UMB affiliates that are separately incorporated or otherwise not organized legally as part of UMB), and individuals.
Financial Services-Cashier's Office	Unit located in the Department of Financial Services-Student Accounting that receives cash, credit card, check, and money order payments for UMB invoices.

Financial Services- General Accounting (FS-GA)	UMB central administrative department within Administration and Finance that oversees customer billing, capital assets, requisition approvals, journal entries, and year-end processes.
Sponsored Project	An externally funded activity that is separately budgeted and accounted for according to the terms of the Sponsor. Sponsored projects include grants, contracts, and cooperative agreements for research, training, and other public service activities.
State of Maryland Central Collection Unit (CCU)	The unit within the Department of Budget and Management state agency responsible for acting as a collection agency when UMB is unsuccessful in collecting amounts due from others.

**Exceptions**      Exceptions to this procedure must be approved in writing by the Controller in FS. All requests must be submitted to the Controller using the [Procedure Exception Request Form](#) available on the website. The request must be signed/e-mailed by the Department Head or designee.

Exceptions to the related policy, UMB [VIII-6.00 \(A\) Customer Billing and Collections](#), must be approved in writing by the Chief Administrative and Finance Officer (CAFO). Requests may be submitted to the Controller using the [Policy Exception Request Form](#). Alternatively, a policy exception request may be submitted in the form of a memo to the CAFO. Policy exception requests must be signed by the appropriate Dean/Vice President or Associate Dean/AVP.

**Forms**      Forms can be obtained from the Financial Services website:  
<http://www.umaryland.edu/financialservices/forms/>

Form Name	Completed by	Sent to	Purpose
<a href="#">Deposit Summary Form</a>	Department	Cashier's Office	Used to record and process payments received by departments.

- Related Training/  
Guidance**
- I. UMB CBS AR Aging Report
    - A. UMB Systems Tutorials Browser Link: - <http://cf.umaryland.edu/ondemandtraining/enterprise/PlayerPackage/data/toc.html>
    - B. In the MyUMB portal Enterprise Menu: eUMB Financials> UMB Systems Tutorials Browser>UMB Customer Billing System
  - II. Related Policies and Procedures
    - A. COMAR 17.01.01 Standards for Administrative Collection of Claims

- B. Comptroller of Maryland General Accounting Division Accounting Procedures Manual Section 5.2
- C. USM Policy VIII-6.00 Policy on Business Activities

Effective: November 1, 2015.