Accounts Receivable Training

Extension of Credit and Departmental Invoicing

Agenda

- Extension of Credit
- Departmental Responsibilities
- Invoicing
- Payments
- Adjustments
- Overpayments
- Reviewing & Tracking Invoices
- Invoice Aging
Extension of Credit

- Credit may be extended only when it serves the best interest of the System and is for the public good of the State of Texas (TAMUS Regulation 21.01.04).

- An Extension of Credit Request form approved by the Executive Vice President for Finance and Administration must be on file with the Texas A&M University – Corpus Christi Comptroller’s Office in order for a department to extend credit as part of its departmental activities.

- Extension of Credit procedures are reviewed annually and updates are sent to Comptroller’s Office for record keeping. If nothing has changed then the department submits a completed continuation form. This typically takes place in May of each year.

Requesting Permission

- When a department has determined that they have a business need to issue invoices, they can contact the Comptroller’s Office for the required forms.

- The department requesting permission to extend credit must provide the following information:
  - Authorization period
  - Expected monthly average credit sales maximum
  - Aggregate credit sales maximum
  - Anticipated write offs
  - The public purpose served by extending credit
Extension of Credit Request Form

The Comptroller’s Office will provide to a department the Procedures Template to be turned in with the Request Form.

Some of the things a department must think about when creating their procedures:

- What type of items you are extending credit for?
- What will your invoicing process be?
- How often will your office prepares invoices?
- What positions will be performing invoicing duties?
- What will your collection processes for past due invoices be?
When can credit be extended?

- The agency receives the greater benefit by the extension of credit.
- It is impossible or impractical to:
  - require payment in full or
  - request posting a bond or cash deposit prior to delivery of goods or services
- The extension of credit will allow the agency to conduct its operations in a more efficient way
- The extension of credit will result in a savings of administrative costs for the agency or will result in a net benefit

Department Responsibilities

A department that is responsible for extending credit on behalf of the university is also responsible for following rules that apply to maintain departmental receivables.
Rules…
Creating

- Invoices should be issued within **one week** of the date of delivery of the goods or the date the services were performed.

- Invoices should be created using the TAMUCC Invoice Template which can be obtained from Accounting Services website.

- All invoices **must** show the remittance address of the Accounts Receivable Office (Unit #5767).

Rules
Creating continued…

- All invoices must have an invoice number. Invoice numbers can be obtained from the Accounts Receivable Office, unless the department has been assigned a permanent invoice prefix, then invoices are issued in numerical order.

- Departments are required to maintain a log of all invoice numbers issued that includes at least the following:
  - Invoice Number
  - Customer Number
  - Customer Name
  - Total Amount Invoiced

- All invoices must be submitted to the Accounts Receivable Office for entry into FAMIS.
Rules…

Collecting

- All payments are due within 30 days of the invoice date.

- If payment is not received within 30 days, the department must send out delinquent notices to the customer. No further credit should be issued to the customer until the past due invoice is paid.

- An acceptable delinquent notice can be a copy of the invoice stamped “Past Due” and mailed or emailed to the customer.

- Maintain a record of all your collection efforts. Periodically, Accounts Receivable will contact the department requesting that they provide the status of any outstanding invoices.

- Sometimes a department may have some issues with the collection of an invoice. If this happens, please contact the Accounts Receivable Office for advice and/or assistance.

Rules continued…

Write Offs

- If after 2 years on the books, an account is deemed to be uncollectible, the Accounts Receivable Department will send a Request For Write Off form to the department for approval and then will submit to the Comptroller’s Office for further processing.

- A bad debt expense will be charged to the department (object codes – 631X).

- Once an account has been written off as uncollectible, no further credit should be issued to this customer.
Invoicing

- What do you need before an invoice is created?
- New Customers
- Key Elements of an Invoice
- Invoice Process
- Payment Process
- Adjustments and Overpayments

What you need before you start

- Customer Information
  - Name
  - Address
  - Phone Number
  - Email Address (for department use only)
- Customer Number from FAMIS
  - This is a 13 character alpha-numeric identifier
  - When possible, the first two alpha characters are reflective of the Customer's Name
    - Ex. TA0000000048 (TAMUCC Foundation)
  - Customer Numbers beginning with SP are exclusively used by the Research Office (SP = Sponsored Projects)
- Purchase Order (if provided by Customer)
- Billing Transactions Information
- FAMIS Account Information
Verify Customer Number

• Go to Screen 602 and type in a portion of your customer’s name and hit enter.

- MAD PI LANDMAN SOFTWARE CORPA N N CORPUS CHRISTI TX
- S & E LEASING & CONSTRUCTION GP0000000001 N N ARNOLD PAS N

• If you place an X next to a line item and press enter and it will take you to screen 603 to see the customer information.

Verify Customer Information

• Go to Screen 603 to verify address and phone number.

Texas A&M University - Corpus Christi
Customer Update Form

- Invoice Customer Update Form is used to update an address and/or phone number.

- This form is also used to add other names such a DBA (Doing Business As) or an Alias to FAMIS for the customer.

- Send completed Invoice Customer Update Forms to Accounts.Receivable@tamucc.edu.

- If other departments are billing the same customer, sometimes it might be better to have a customer number that is used by your department only, especially when you are submitting your invoices to different addresses.

- Contact the Accounts Receivable Office for guidance if you are not sure if you should use an existing Customer Number or have a new Customer Number created.
New Customers

- When a Customer is not in FAMIS, a department must complete an Invoice Customer Create Form which can be found on the Accounting Department or Business Office website.

- A department has the ability to add a DBA or Alias at the time the new customer is set up.

Basic Invoice Template
Key Elements of an Invoice

1) Customer Name and Address
2) FAMIS Customer Number
3) Invoice Number
4) Date of the Invoice
5) Purchase Order Number (if one exists)
6) Line Item Transaction Descriptions and Amounts
7) Invoice Total
8) Departmental Contact Information
9) Remit payments to: Accounts Receivable Office
10) FAMIS Account Information:
    i. FAMIS Account number for the revenue
    ii. Deposit Payment to Acct: 001017-1610

Elements of an Invoice Number

- An Invoice Number is a unique reference number that is assigned for tracking and identification purposes.
- All invoices begin with a letter followed by a six digit number
  - The letter signifies the department it belongs to.
    - M invoices are miscellaneous invoices and are used by multiple departments that have not been assigned a specific letter
    - Those using M invoice numbers must contact Accounts Receivable Office to get an invoice number
  - The first two digits represents the fiscal year
  - The last four digits represent the sequential invoice number
    - Examples:
      - M130010
      - M130011
- R invoices are an exception to the rule. These invoices are automated by FAMIS, which assigns the next available invoice number in the numerical sequence.
Invoice Prefix Assignments

<table>
<thead>
<tr>
<th>INVOICE PREFIX</th>
<th>DEPT</th>
<th>INVOICE TYPES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>FISC</td>
<td>Accounting</td>
</tr>
<tr>
<td>C</td>
<td>CTC5</td>
<td>Coastal Studies</td>
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<td>D</td>
<td>HART</td>
<td>Hart Research</td>
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<tr>
<td>E</td>
<td>FISC</td>
<td>Purchasing</td>
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<tr>
<td>G</td>
<td>RADM</td>
<td>Grants &amp; Research</td>
</tr>
<tr>
<td>H</td>
<td>BURS</td>
<td>Returned Checks</td>
</tr>
<tr>
<td>I</td>
<td>CLBA</td>
<td>Innovation Business Center</td>
</tr>
<tr>
<td>J</td>
<td>UNOR</td>
<td>University Outreach</td>
</tr>
<tr>
<td>K</td>
<td>UNSV</td>
<td>University Services</td>
</tr>
<tr>
<td>L</td>
<td>LBR</td>
<td>Library</td>
</tr>
<tr>
<td>M</td>
<td>BURS</td>
<td>Miscellaneous</td>
</tr>
<tr>
<td>P</td>
<td>TELE</td>
<td>Telecom</td>
</tr>
<tr>
<td>Q</td>
<td>STAF</td>
<td>Student Affairs</td>
</tr>
<tr>
<td>R</td>
<td>FISC</td>
<td>SPR Billing</td>
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<tr>
<td>S</td>
<td>NSCS</td>
<td>National Spill Control School</td>
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<td>U</td>
<td>PHPL</td>
<td>Utility</td>
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<td>W</td>
<td>STAF</td>
<td>Island Waves</td>
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<tr>
<td>X</td>
<td>ATHL</td>
<td>Athletics</td>
</tr>
<tr>
<td>Y</td>
<td>UNCS</td>
<td>Police</td>
</tr>
</tbody>
</table>

Key Elements continued…

- Invoice Date
  - Is the date an invoice is issued. An exception to this is if a department is issuing invoices in advance for a monthly standard billing (e.g., rent).
  - This is the date that determines when the invoice is due.
  - All invoices are due 30 days after invoice date.

- Purchase Order (P.O.)
  - The Purchase Order Number is provided by the Customer.
  - Some Customers require this number to be included on the invoice to ensure proper payment processing.
  - Not all invoices will have a P.O. Number.
Key Elements continued…

- Descriptions and Amounts
  - Invoices can be broken down into several lines as necessary to list the details of transactions that are being paid by the Customer.
  - Individual lines also might be necessary if each line has a different account number and/or object code.

- Invoice Total
  - This is the total of each line item included in the invoice.
  - Please verify that the sum of all line items match the invoice total.

FAMIS Account Information

- FAMIS Account Number
  - This is the departmental account number where the revenue will be applied and must contain the 6-digit account number, 5-digit support account and 4-digit object code.
    - Example: 270020-00000-0574

- Business Office - Deposit Payment To:
  001017-00000-1610 (A/R clearing account)
  - DO NOT CHANGE – PAYMENTS MUST BE DEPOSITED HERE TO BE APPLIED AGAINST THE A/R INVOICE

- When an invoice is input into FAMIS, the revenue will immediately show up in the department’s account and it creates a receivable in account number 001017
- When a payment is received it is applied to the receivable
Remit Payments To:

All Invoice Payments are to be sent to the Accounts Receivable Office

Texas A&M University Corpus Christi
Accounts Receivable
6300 Ocean Drive Unit 5767
Corpus Christi, TX 78412-5767

Do Not Change This Information

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Invoice Process

- Once the invoice has been created, **Print** a copy of the invoice and mail or email it to your customer
- Immediately **Email** a copy of the invoice to accounts.receivable@tamucc.edu
- **Retain** a copy of the invoice for your records
- **Check** FAMIS Screen 635 to ensure the invoice has been posted and that the information is correct

- Invoices will post a credit to the account listed on the invoice and a debit will be posted against the general ledger account mapped to the credit account (g/l code 1300)
  - Example
    - Credit account 350004-40004-0479 (revenue)
    - Debit account 035000-00000-1300 (accts recv)
Payments Processing

- Checks received in the mail by the Business Office are entered into a Check Log
  - If a department receives the checks in error, they must be hand delivered to the Business Office to ensure payment is posted to the invoice correctly. Do Not Send checks through campus mail.
  - Anyone handling checks must have “Cash Handling” training.

- Screen 635 for the Invoice Number referenced on the check is reviewed to verify that the payment and invoice match. Please encourage your customers to include the invoice number on their payment to ensure proper processing.

- Some Customers, especially State and Federal agencies, will send their payments electronically. Those who do send their funds electronically also need to send the invoice number with the payment to aid in identifying where to post the payment.

- Department contact will be notified if there are any discrepancies.

Payment Processing Continued...

- The Accounts Receivable Office (AR) will deposit the payments for invoices at the Business Office.
- Invoice payments are deposited to the Accounts Receivable clearing account 001017-1610 and the invoice number is referenced on the receipt provided by the Business Office.
  - Example
    - Credit account 001017-00000-1610 (clearing)
    - Debit account  Cash
- AR will create a FAMIS batch to post the payment against the invoice paid.
  - Example
    - Credit account 035000-00000-1300 (accts recv)
    - Debit account 001017-00000-1610 (clearing)
Invoice Adjustments

- Reasons to use the Invoice Adjustment Form:
  - Increase a line item
  - Decrease a line item
  - Add a new line item
  - Correct an automated invoice (R's) that has a credit line item
  - Cancel an invoice
    - If an invoice is to be written off as uncollectible, canceling the invoice is **not** the correct process
    - Department can cancel an invoice when
      - It is determine that the customer should not have been billed
      - The invoice will be replaced with another invoice

- The adjustment form can be found on the Accounting and Business Office websites.
- Email completed forms to the Accounts Receivable Office (accounts.receivable@tamucc.edu).

Invoice Adjustment Form

[Image of Invoice Adjustment Form]
Credit Balance on an Invoice

- When a customer overpays an invoice, the department must inform the Accounts Receivable (AR) Office on how to handle the credit.

- A department must use the Invoice Overpayment Process Request form that can be found on the Accounting and Business Office websites.

- The department will indicate the action that needs to be taken:
  - Issue a refund to the customer
    - AR will complete the voucher for the refund and will submit to Accounts Payable for processing.
    - Department will have to provide a Vendor ID number or complete the Vendor Create forms if the customer does not have one.
    - Vouchers to refund customers are not created by the invoicing department.
    - Refunds are mailed to the customer.
  - Overpayment was due to interest earned
  - Transfer the overpayment to another outstanding invoice
    - To transfer an overpayment to another invoice, the department must have in writing from the customer the approval to move the excess payment.

- Email completed forms to the Accounts Receivable Office (accounts.receivable@tamucc.edu)

Invoice Overpayment Process Request Form
Review and Tracking of Invoices

Frequently Used FAMIS Screens

<table>
<thead>
<tr>
<th>Screen Number</th>
<th>Screen Name</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>635</td>
<td>Invoice Display</td>
<td>To view a specific invoice's details</td>
</tr>
<tr>
<td>636</td>
<td>Invoice Line Item Display</td>
<td>To view a specific line item of an invoice</td>
</tr>
<tr>
<td>632</td>
<td>Invoices by Customer</td>
<td>To view all invoices for a specific customer that are outstanding or paid</td>
</tr>
<tr>
<td>633</td>
<td>Invoices by Billing Dept</td>
<td>To view all invoices for a specific department that are outstanding or paid</td>
</tr>
<tr>
<td>637</td>
<td>Invoices by Invoice Number</td>
<td>To view a list of invoices that are outstanding or paid</td>
</tr>
</tbody>
</table>
Invoice Display Screen 635

- Some information that is available on this screen
  - Total Amount of Invoice
  - Total Amount Paid
  - Total Due (Amount – Amount Paid)
  - Line Item Accounts and Descriptions
  - Line Item Paid Amount
  - Invoice Due Date
  - SPR Project Number is for R invoices and helps tie the invoice to a specific research project

- If you place an X next to a line item and press enter it will take you to screen 636 to see the details of the line item

Invoice Line Item Display Screen 636

- Some Information that is available on this screen
  - Review the details of line item transactions
  - See when a payment was received
  - See if adjustments have been applied to the line item and when
  - See the batch reference number that can be used to look up the batch in Laserfiche
  - C/P
    - C = Charge (a reduction to an invoice would be a negative charge)
    - P = Payment (payments will be negative, a reversed payment will not have a negative sign)

- Press F11 to view Check Date of a payment and the user ID of person who entered the transaction.
Invoices by Customer

Screen 632

- Some of the information available on this screen
  - List of all outstanding invoices for the Customer Number
  - Amount of Invoice
  - Amount Paid
  - Total Due
  - Due Date

- Changing the N to a Y will show paid and zero balance invoices

Invoices by Billing Department

Screen 633

- Information available on this screen
  - All outstanding invoices for the billing department
  - Amount of Invoice
  - Amount Paid
  - Total Amount – Amount Paid = Total Outstanding for the billing department

- Changing the N to a Y will show paid and zero balance invoices

- By pressing F11, more information will be shown
Invoices by Invoice Number
Screen 637

- By placing the invoice prefix letter in the “Starting with Invoice” field, FAMIS will list all the outstanding invoices from that letter through the end of the alphabet.
- By pressing F11 on screen 637, the net amount due will be shown
- Changing the N to a Y will show paid and zero balance invoices.

FAMIS Invoice Aging

- Each month FAMIS produces an aging report for all outstanding invoices.
- It is broken down into the following aging periods:
  - 0 to 60 days
  - 61 to 180 days
  - 181 to 1 year
  - Over 1 year
- The aging report is not live data, it is as of the end of the month.
- Accounting Services sends out an aging to departments based on the ‘Billing Dept’ attached to the invoice each month (IBMR050).
  - Report is sent to the Department Heads, Deans and Business Coordinators
- Bursar’s Office has some aging reports available through ARGOS.
IBMR050 – Aging by Dept

The monthly aging report is available in Argos a couple days after month end close.

- Aging by Account Number
- Aging by Customer Number*
- Aging by Invoice Number*
- Invoices that Changed Aging Periods*

* These reports can be run specific to the invoice prefix.
How do I get access to the Aging Reports?

The *Argos Request* form is found on the web ([http://banner.tamucc.edu/](http://banner.tamucc.edu/)) under *Argos or Degree Planner Account* link. Complete the form and submit it to the Bursar’s Office.

QUESTIONS?