



**POLICY ON INVOICING AND COLLECTION OF INTERNAL CHARGES
AND ACCOUNTS RECEIVABLE**

Effective Date: December 14, 1998 **Originating Office:** Office of the Vice-President, Finance
Supersedes/Amends Policy dated: October 1, 1995 **Policy Number:** CFO-1

SCOPE

This policy applies to all Departments/Units which provide billable services or materials to other Departments/Units of the University or to external customers. The policy is not applicable to the billing of tuition and similar fees with the exception of the collection and write-off procedures.

POLICY

General

1. The University reserves the right to refuse the use of its premises, services or materials to any person or group.
2. A Department/Unit providing billable services or materials ("the originating department") is entitled to receive credit for the revenue generated.
3. It is the responsibility of the originating department to determine the credit-worthiness of its customers. Financial Services' assistance may be sought to evaluate the credit-worthiness of external customers. The expense of the credit report shall be borne by the originating department.
4. Accounts which are found to be uncollectible, whether due from external or internal customers, shall be charged back to the originating department.
5. The services of the University's General Counsel or collection agencies may be used in the collection of overdue accounts at the discretion of the originating department.
6. With respect to charges to other University Departments/Units, this policy shall be administered in conjunction with the *Internal Charges Policy*.
7. The overall responsibility for this policy rests with Financial Services.

Procedures

Internal billings

8. The originating department shall obtain the complete account number to be charged and the signature of a person authorized to expend funds from that account. In due course,



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but not less than monthly, Financial Services shall be advised of the amounts and distribution numbers to be charged. The necessary accounting entries shall then be made.

9. The timeliness and accuracy of these charges are the responsibility of the originating department. To be recorded in a given month, all charges must be sent to Financial Services, in the proper format, no later than 3 (three) working days prior to the month-end.
10. In cases where the originating department is unable to invoice its internal customer for more than one consecutive month, the originating department shall inform the customer and Financial Services of this fact.
11. As noted in section 4 above, accounts that are found to be uncollectible shall be charged back to the originating department which shall be responsible for following-up on these charge-backs and for providing a new or corrected internal account number. These corrections must be clearly identified as such when submitted to Financial Services and must include the month of the originating transaction.
12. A Department, Centre or Laboratory that wishes to charge a research contract for the use of its facilities, computing services, materials, supplies, photocopies, printing or technical assistance, must prepare a memorandum addressed to the Research Funds Unit of Financial Services as set out below. Distribution of overhead revenue will depend on the timely receipt and accuracy of the information identified below, as well as compliance with these procedures:
 - a. The memorandum must itemize all goods or services that were used, indicate the hourly rate or value of such goods or services and the dates or period of time during which the usage took place. It must also indicate the contract account number to be charged and the Departmental, Centre or Laboratory account to be credited.
 - b. When the charges are for use of computing services or laboratory facilities, detailed log sheets must be attached to the memorandum. The log sheets must show the dates and times these facilities were used, the hourly rate to be charged to the contract, and the signature of the employee who worked on the contract. Log sheets may be obtained from the Industrial Liaison Unit of the Office of Research Services.
 - c. When the charges are for technical assistance, the name(s) of the employee(s) must be provided, as well as the hours worked on the contract, the hourly rate, and the dates during which this work took place.



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- d. If a Department is to be credited, the memorandum must be signed by the Chair. If the funds are to be credited to a Centre or Laboratory account, the memorandum must be signed by the Unit Head responsible for the Centre or Laboratory and approved by the Department Chair. The principal investigator of the contract to be charged must also sign the memorandum, as proof of acceptance of the charges.

External billings

13. If the originating department does its own invoicing, it is responsible for the collection of its accounts receivable. Financial Services shall maintain a control account in the general ledger to which the invoicing department must balance its outstanding accounts each month.
14. If the invoicing is done by Financial Services, the details of each billing are to be supplied to Financial Services by the originating department in a mutually agreeable form. Financial Services shall prepare and mail the necessary invoices and shall establish an appropriate accounting control procedure. The originating department shall be advised each month of all overdue accounts.

Credit references

15. A credit-worthiness report from an independent credit-rating agency shall be obtained each time a new external customer is to be extended credit for more than \$5,000.00 per transaction or per fiscal year.
16. No credit shall be extended to customers who have overdue balances to the University by more than 60 days or who have previously defaulted on their debts to the University.

Receipts and Invoices

17. All receipts and invoices shall be issued based upon a pre-determined series of numbers. A copy of the receipt or invoice shall be retained for subsequent review for a period of at least three years. Unissued or defaced copies of receipts and invoices shall also be retained in order to ensure completeness of the series of receipts and invoices.
18. All invoices, whether prepared by Financial Services or the originating department, must include, at a minimum, the following information:
 - a clear description of goods / services sold and date of transaction;
 - the date of invoice;
 - the date the amount owing is due;



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- a pre-numbered invoice number;
- the University's GST/QST registration number (if applicable);
- instructions to external customers that a copy of the invoice must accompany payment.

19. Invoices that remain outstanding as of year-end must be forwarded to Financial Services to be recorded in that fiscal year. Forwarding of this information shall comply with the general dates and guidelines provided by Financial Services in its year-end procedures.

Banking of proceeds

20. All monies received shall be banked intact into bank accounts controlled by Financial Services. There shall be no separate bank accounts opened or controlled by individual Departments/Units.

21. All proceeds received are to be banked intact within three (3) working days of receipt and without any deduction for expenditures.

Interest on Overdue Balances

22. Interest shall be charged on overdue balances at prime plus three (3) percent.

Normal Period of Credit

23. Unless otherwise agreed to in writing by the Vice-President, Finance, credit shall normally not be extended for more than 30 (thirty) days.

Collection Procedures

24. Overdue external accounts shall be followed-up internally by the originating department or Financial Services for a maximum of 90 (ninety) days after the invoice date. During this maximum internal follow-up period, there must be at least two written reminders to the customer. At the end of the period of internal follow-up, the account shall be handed over to the University's General Counsel or to a collection agency.

25. Every 3 (three) years, a collection agency shall be appointed by the University through a competitive bidding process. The remuneration of the collection agency shall be based solely upon successful recovery of outstanding balances.



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Write-offs

26. All amounts outstanding for more than a year, at each May 31st, for which due process has been followed should be written-off. Authorization for the write-off will be in writing as supported by documentation evidencing the attempts made to recover the debt and be duly signed-off by the Vice-President, Finance and the Department/Unit Head of the originating department.

Inquiries from Clients

27. It is the responsibility of the originating department to provide all information related with respect to amounts charged to its clients (both internal and external). All supporting documentation must be kept for 3 (three) years following the delivery of the goods or the rendering of the services.

Responsibility

28. Overall responsibility for this policy rests with Financial Services.