

General Accounts Receivable

501.05

I. Services Provided by Shared Services Center-Accounts Receivable

Shared Services Center (SSC) -Accounts Receivable provides external customer invoice processing, collection, payment application, accounting, and reporting services for both general receivables and for those sponsored programs receivables that are not included in the Letter of Credit system. Other central receivable systems listed below are not within the scope of SSC-Accounts Receivable:

- Patient Care (i.e., University Hospitals and Health Centers, Faculty Group Plans, and Dentistry)
- Student Financial Operations (i.e., Student tuition, housing, and miscellaneous fees)
- Student Loans – Loan Collection
- Letter of Credit System (LOC) (i.e., for those sponsored programs in the LOC system)
- Gift and Gift Pledges
- Retiree and COBRA contributions to benefit plans

II. Policy on Use of Shared Services Center-Accounts Receivable

All sponsored program agreements that are not included in the Letter of Credit System must be processed through SSC-Accounts Receivable.

SSC-Accounts Receivable is used for all general receivables not handled by another central receivable system unless they receive an exception approval from the appropriate senior University official (e.g.: Department Chair, Department Manager or higher) in their college/school/unit, and with the appropriate notice from the approving University official to SSC-Accounts Receivable. All approved exceptions expire on September 30 of each year, and can be renewed annually for an additional twelve months. Instructions for requesting an exception may be found at Accounts Receivable Exception Request and Checklist – Instructions: <http://ssc.umich.edu/forms>.

III. Unit Accounting Responsibilities

A. Obtain Approval for External Rates as Appropriate:

- Charges for goods or services (excluding medical, dental, and other health care) provided to an entity outside the university must first have an internal rate approved by Office of Financial Analysis.

B. Record Revenues and Receivables in the MPathways General Ledger:

- For Invoice Processing Through Shared Services-Accounts Receivable:
 - SSC books the accounts receivables each June 30 at the fund level and reverses them in July.
 - SSC books a University level reserve for uncollectible receivables.
 - Units record their deferred (i.e., unearned at June 30) revenue at June 30 and reverse it in July, or adjust it the following June 30.
- For Invoices where Units Process their own Invoices and Manage their Receivables:
 - Units must record receivables and related revenues at June 30 of each year in the MPathways general ledger.
 - Units with significant receivable balances at June 30 must also record a reserve for doubtful accounts at June 30.
 - Units that have already received cash, for which services have not yet been rendered as of June 30, must ensure that

received but unearned monies are recorded as deferred revenue.

- Units that invoice significant amounts should record receivables and related revenues as well as reserves for doubtful accounts and deferred revenues monthly throughout the year.

C. Submit Invoices Timely and Maintain Underlying Records

- Invoicing should be done on a timely basis, either by uploading files to SSC-Accounts Receivable for SSC to issue the invoices, or by the unit issuing the invoices.
- Whether units issue invoices or utilize the services of SSC-Accounts Receivable, units must retain the underlying supporting records (e.g., rental contracts, book orders, etc.) for an appropriate period of time. See SPG 604.01, Departmental Record Retention for Business and Financial Records.

	Attachment	Size
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SPG number: 501.05	Applies to: All Departments of the University of Michigan	Related policies: Cash Management Policies Departmental Record Retention for Business and Financial Records Michigan Sales and Use Tax Sales of Goods and Services to Non-University Entities and Federal Unrelated Business Income (UBI)
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Last updated: July 1, 2015	Owner: Office of the Executive Vice President and Chief Financial Officer	Related links: Overview of SSC-Accounts Receivable Processes & Unit Responsibilities Instructions and forms for Requesting an Exception Instructions for Obtaining Approval for External Rates Customer Upload Instructions Invoice Upload Instructions Sponsored Programs Finance Home Page
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