

Standard Practice Guide Policies

General Accounts Receivable

501.05

Applies to: All Departments of the University of Michigan

I. DEFINITION

Accounts receivable are legally enforceable claims for amounts owed for goods supplied and/or services rendered. These are generally in the form of invoices issued for payment within an agreed-upon time frame. It is the university's responsibility to ensure payments for outstanding invoices are received timely and that transactions are recorded properly.

II. TYPES OF ACCOUNTS RECEIVABLE

A. Central Accounts Receivable

Areas responsible for managing the university's central accounts receivable include:

1. Michigan Medicine (<https://www.uofmhealth.org/patient-visitor-guide/billing>) and School of Dentistry (<https://dent.umich.edu/patient-care>) Patient Care Billing Services manage patient care billing, insurance and collection activities.
2. Sponsored Programs (<https://finance.umich.edu/programs>) manages financial post-award activities of the university's research enterprise and other sponsored activities to ensure compliance with applicable federal, state, and local laws as well as sponsor regulations.
3. Student Financial Operations (<https://finance.umich.edu/finops/student>) manages student account billing and collection activities (e.g. tuition, housing and miscellaneous) for the Ann Arbor campus. UM-Dearborn Student Accounts (<https://umdearborn.edu/student-accounts>) and UM-Flint Student Accounts (<https://www.umflint.edu/studentaccounts/>) manage their respective campus' student billing and collection activities.

B. General Accounts Receivable

General accounts receivable include all activity not handled by the aforementioned central accounts receivable areas. Billing and collection for general accounts receivable should be handled by the university's Shared Services Center (SSC). Some university units may have a unique set of operational circumstances that warrant an exception to this requirement. Accordingly, units who believe they have a business case to create, record and collect their own general accounts receivable invoices may obtain exception approval. Refer to the SSC Billing; Collections website for more information about the university's general accounts receivable billing and collection processes.

SPG Number:**Applies To:**

All Departments of the University of Michigan

Owner:

Office of the Executive Vice President and Chief Financial Officer

Primary Contact:

Financial Operations

Related Policies:

Cash Management Policies (/policy/519.03)

Departmental Record Retention for Business and Financial Records (/policy/604.01)

Michigan Sales and Use Tax (/policy/502.03)

Sales of Goods and Services to Non-University Entities and Federal Unrelated Business Income (UBI) (/policy/502.04)

Related Links:

Overview of SSC-Accounts Receivable Processes & Unit Responsibilities (https://ssc.umichsites.org/wp-content/uploads/sites/75/2022/06/SSC-Overview_Receivables.pdf)

General Accounts Receivable Exception Request and Checklist (https://ssc.umich.edu/wp-content/uploads/sites/75/2022/06/Unit_AR_Exception_Request_Form-Checklist-1.pdf)

Billing an External Customer - Process and Templates (<https://ssc.umich.edu/billing-collections/send-a-bill/>)

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