Accounts Receivable (Non-Student Account) – Policy

Date Effective
January 2018

Responsible Administrator: Vice Chancellor for Finance and Chief Financial Officer
Responsible Office: Controller’s Office
Policy Contact: Assistant Controller

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1. Policy Statement
This document defines the policy to ensure Vanderbilt’s financial statements correctly reflect all amounts owed to the university, establish guidelines by which credit is extended to university customers on a consistent basis, and to manage the extension of credit by the university’s various departments.

The objective of the central accounts receivable system is to define the appropriate level of record keeping, to consolidate all charges to a single customer statement, and finally to standardize the reporting of accounts receivable in the university’s financial records.

2. Scope
This policy applies to all Vanderbilt employees involved in the creation, processing, approval, and recording of account receivable transactions and receipts. This policy excludes receivables activity associated with Student Accounts and Service Level Agreements (SLA).

3. Definitions
General Ledger – The general ledger contains all Vanderbilt financial transactions. Currently, the general ledger (system of record) is Oracle. Information from the general ledger is used by Vanderbilt to analyze, report, and monitor the results of the university.

Accounts Receivable (A/R) Sub Ledger – The A/R sub ledger contains all the transactions processed through the Accounts Receivable module in Oracle. The transactions processed in the A/R sub ledger feed directly to the general ledger.
**Accrual Basis** – the accounting method wherein revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

**Balance Forward Bill (Statement)** – A detailed list of goods shipped or services rendered, with an account of all costs; an itemized bill reflecting the previous and ending balance due.

### 4. Policy

- a) All university departments that provide goods and/or services to customers or are involved with invoicing sales, services and assessments are required to utilize the A/R sub ledger system under the administration of Finance.
- b) Departments are required by policy to complete the prescribed Oracle A/R transaction import template for any receivable activity and submit to Finance for processing.
- c) University departments are required to record revenue based on the accrual method, not cash basis.
- d) All receivables and revenues from billing are debited and credited, respectively to the originating department upon processing of the A/R transaction import.
- e) Business Entity Approval is required for all A/R transactions.
- f) Each department must maintain records and supporting documentation for their accounts receivable transactions.
- g) Statements are sent monthly to all customers who have an outstanding balance due, unless otherwise specified.
- h) Customers must send all payments for A/R transactions directly to the Cashier’s Office for processing. In the event payment mistakenly is sent to the department providing the good or service, it should be forwarded immediately to the Cashier’s Office for appropriate processing.
5. Accounts Receivables Activity Responsibility Matrix

<table>
<thead>
<tr>
<th>Activity</th>
<th>Department Preparer</th>
<th>Business Entity Approver</th>
<th>Cashier's Office</th>
<th>Controller's Team (GAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare A/R Transaction Imports; provide and maintain support for review.</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review and Approve A/R Transaction Imports</td>
<td></td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process A/R Transaction Import in Oracle’s A/R Module</td>
<td></td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Prepare A/R Receipt Imports</td>
<td></td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process A/R Receipt Imports</td>
<td></td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Generate and Distribute Balance Forward Bills</td>
<td></td>
<td></td>
<td></td>
<td>✔️</td>
</tr>
</tbody>
</table>