

Service Level Agreement (SLA) Account Receivable – Policy

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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 service fees owed to the university by service users, ensure Vanderbilt is adhering to all Service Level Agreements to which Vanderbilt is the service provider, and manage the extension of credit as determined in the schedules of the Service Level Agreements.

The objective is to book all service fees predetermined in the Service Level Agreement in the central accounts receivable system in order to consolidate all service charges to a single statement, and 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 in relation to Service Level Agreements (SLA). This policy is exclusive to accounts receivable associated with 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 business.

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.

Service Level Agreement (SLA) - contract between a service provider and service user that defines the level of service expected from the service provider. SLAs are output-based in that their purpose is specifically to define what the customer will receive in exchange of monetary fees remitted to the service provider.

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

Fixed Service Fees – As predetermined by the SLA, service fee is a fixed amount and will not fluctuate unless the SLA states otherwise or is renegotiated.

Variable Service Fees – As predetermined by the SLA, service fee is a variable amount and will differ from month-to-month based on services rendered.

4. Policy

- a) SLAs dictate the quality and type of service provided to the client in exchange for a fee.
- b) All university departments are required to negotiate aspects of the service, such as quality, availability, and responsibilities and should be agreed upon by Vanderbilt and the service user.
- c) University departments should work with General Counsel to finalize or renew any existing Service Level Agreements. University departments are responsible for sending any new, amended, or renewed Service Level Agreements to the General Accounts Receivable (GAR) staff in Finance.
- d) Service Level Agreements must be authorized by Office of General Counsel, as well as approved and signed by the department business leader (i.e. Vice-Chancellor, Dean, etc.) depending on the specific SLA.
- e) As predetermined by the Service Level Agreement, service fees can be variable or fixed.
 - Variables charges are processed by the responsible department.
 - Fixed charges are processed by GAR staff, but it is the department's responsibility to inform GAR of any revisions to the fixed amount.
- f) University departments are required to record revenue associated with the service fees based on the accrual method, not cash basis.
- g) All receivables and revenues from billing are debited and credited, respectively to the originating department upon processing of the A/R transaction import.
- h) Business Entity Approval is required for all A/R transaction imports submitted for the service fees associated with SLAs.
- i) Each department must maintain records and supporting documentation for their SLAs and submitted A/R transaction imports for their service fees.
 - Departments that have existing SLA's with Vanderbilt University Medical Center (VUMC) must send all support (i.e. service fee schedules and SLA(s)) for variable and fixed charges to GAR to accompany the statements sent each month to VUMC.

- j) Statements detailing service fees are sent monthly to all Service Users who have an outstanding balance. Distribution date can be predefined in the Service Level Agreement.
- k) Customers are directed to send all payments for SLA A/R transactions directly to the Cashier's Office for processing, unless otherwise specified. In the event payment is mistakenly sent to the initiating department providing the good or service, it should be forwarded immediately to the Cashier's Office for appropriate processing.

5. SLA A/R Activity Responsibility Matrix

Activity	Department Approver	Business Entity Approver	Cashier's Office	Central Finance (GAR)
Maintain support for review and provide support to Central Finance if requested. *Support can be new or updated Service Level Agreements, emails, or schedules to support the service fees and should show evidence of agreement by both parties.	✓			
Prepare A/R Transaction Imports variable charges associated with an SLA	✓			
Prepare A/R Transaction Imports fixed charges associated with an SLA				✓
Review and Approve A/R Transaction Imports		✓		
Process A/R Transaction Import in Oracle's A/R Module				✓
Prepare A/R Receipts Import			✓	
Process A/R Receipts Import				✓
Generate and Distribute Balance Forward Bills				✓