



POLICY NAME	FINANCE ACCOUNTS RECEIVABLE POLICY
Revision	V1.2
Publication Date	March 1, 2021
Revision Date	April 6, 2021
Effective Date	April 6, 2021

PURPOSE AND SCOPE

This Policy applies to all McGill units and departments that sell and provide goods and services to external non-McGill Third Parties. The goods and services must be legitimate, appropriate and in accordance with University Policies. Finance Accounts Receivable does not bill for credit courses nor for revenue collected through McGill merchants.

For the purpose of this Policy:

- McGill units and departments that sell and provide goods and services to external Third Parties are referred to as “Billing Departments”.
- Non-McGill external Third Party/Parties are referred to as “Third Party” or “Third Parties”.

Billing Departments must transmit their invoices via Finance Accounts Receivable, Financial Services. Finance Accounts Receivable will then issue these directly to the Third Parties.

Refer to the Procedures for details regarding the implementation and interpretation of the following policies.

POLICY

P1. Types of Agreements

The sale and provision of non-research goods and services to Third Parties is considered an Agreement between McGill University and these Third Parties.

The following types of Agreements are available to the Billing Department (further referred to as the Agreement):

1. Contract signed as per the [Policy on the Approval of Contracts and Designation of Signing Authority](#) with a Purchase Order.
2. Contract signed as per the [Policy on the Approval of Contracts and Designation of Signing Authority](#) without a Purchase Order.
3. Quotation confirmed by Third Party with a Purchase Order.
4. Quotation confirmed by Third Party via email.

Fund Financial Managers are required, as per the [Fund Financial Manager Policy](#), to approve these Agreements.

The Policy on the Approval of Contracts and Designation of Signing Authority will be further referred to as the Signing Authority Policy.

P2. Types of Goods and Services Required to be Invoiced via Finance AR

1. Registration and Membership Fees (excluding registration for credit courses and revenue collected via McGill merchants)
2. Rental Revenue
3. Promotional/Advertising Revenue
4. Royalties/License Revenue
5. External Non-Salary Recoveries
6. External Salary Recoveries
7. Network Computing Services (Telecom Equipment, Backbone Network Connection, Computing Services)
8. Sponsorships
9. Sale and provision of goods & services – revenue can only be related to non-research grants & contracts fund types.

P3. Types of Goods and Services Not Invoiced via Finance AR

- Donations
- Revenue related to research grants & contracts fund types
- Tuitions related to credit courses
- Goods and services provided by McGill Merchants, please refer to: [Merchant \(PCI\) Policy & Procedures - Accepting Credit/Debit Card Payments](#)

P4. Billing Methods via Finance AR

The following Billing Methods are available to Billing Departments.

1. **Via Banner Finance AR:** applicable to Billing Departments that regularly invoice third parties (i.e. weekly, monthly, quarterly).
2. **Via Feed:** applicable to Billing Department that have a high volume of daily/weekly invoices. Feeds can either automatically be submitted from the Billing Department sub system (preferred) to Banner Finance AR or submitted as a regular feed.
3. **Via the Request for Invoice Form:** applicable to Billing Departments that plan on issuing only one invoice/year collectively for all their Agreements.

The final decision related to the Billing Method rests with the Associate Director Transaction Services.

P5. Roles & Responsibilities

P5.1. Billing Departments

- Agreement
 - Billing Departments must enter into an Agreement (as per P1. Types of Agreements) with the Third Party prior to the selling and provision of goods and services.
 - Billing Departments are bound by the Agreement.
- Third Party
 - Billing Departments are responsible for managing credit risk of the Third Party and must ensure these have the capacity to pay for the goods or services they have received.
 - Billing Departments are the first point of contact with the Third Party.
 - In the event of disputes by the Third Party, the Billing Department is responsible in resolving the issue but must inform Finance AR immediately.
- Invoicing
 - Billing Departments must abide by PR2. Billing Department Options – Process and complete the required forms
 - Billing Departments must abide by the Billing Method. If submitting Feeds must abide by the [Financial Transactions Feed Policy](#)
 - Billing Departments must only transmit invoices once the goods and services have been rendered to the Third Party. Exceptions apply such as rent or deposits and these exceptions must be stipulated in the Agreement.
 - Billing Departments are responsible for the accuracy of the invoice that is transmitted to Finance AR. This includes ensuring the invoice is billed to the appropriate client, addressed to the Third Party key contact and includes the correct PO or quote.
 - Note: If Sales Tax status is deemed to be Tax Exempt, Billing Department must keep documentation (if any) on file.

P5.2. Finance AR


- Will provide all required information to the Billing Department as per PR2. Billing Department Options – Process
- Will automatically issue invoices to Third Parties once transmitted by Billing Departments.
- Invoices greater than or equal to \$10K will be reviewed prior to issuance to ensure they match the Agreement or Quotation.
- Will not review Feeds.
- Will apply the revenue to the Billing Department once the invoice has been issued to the Third Parties.
- Will not issue invoices pertaining to deposits unless these deposits are included in the Agreement.
- Is not responsible for the Agreement and will only communicate with Third Parties with respect to collections.
- Is responsible for monitoring and collecting of all outstanding receivables and applicable communications with the Third Party.
 - Receivables are considered overdue after 30 days. Finance AR communicates directly with the Third Party after 30 days.
 - As soon as the account is 60 days overdue, Finance AR will copy the Billing Department's Key Contact on the communication to the Third Party. Finance AR will continue to do so until 120 days.
 - At 120 days, Finance AR will consider this receivable as a loss (automatic write-off) and will reverse the revenue.
 - Note: Billing Departments can contract with the Collection Agency provided by Finance AR to attempt collection after 90 days.
 - Please refer to the [Finance AR Aging Report of Balances by Detail Code](#)


PROCEDURES

PR1. Banner Finance AR Terminology

- **Client ID:** is a 9-digit numeric code provided by Finance AR which represents the unique identifier of the Third Party.
- **Detail Code:** is a 4 digit code provided by Finance AR and represents the FOAPAL combination where the revenue will be recorded. Since it also includes the account code, it identifies the applicable sales taxes.
 - To find if a Detail code already exists for your Faculty/Central Admin Unit, please refer to the [Detail Codes by Org Code](#) report on the FIS Reporting web page.

PR2. Billing Department Options

#	Billing Department Options	Considered as an Agreement as per the Signing Authority Policy?	FFM Approval Required?	Forms to Complete
1	New Client ID - Same Detail Code	Yes	Yes	<ol style="list-style-type: none"> 1. <u>Sales Tax Assessment Questionnaire</u> 2. <u>Billing Questionnaire</u> <ul style="list-style-type: none"> • Include the Agreement • Include FFM approval using FFM Approval Email Template (if not included in the Agreement) <p>*  <u>Template for FFM Email Approval</u></p>

#	Billing Department Options	Considered as an Agreement as per the Signing Authority Policy?	FFM Approval Required?	Forms to Complete
2	New Client ID - New Detail Code	Yes	Yes	<ol style="list-style-type: none"> 1. <u>Sales Tax Assessment Questionnaire</u> 2. <u>Billing Questionnaire</u> <ul style="list-style-type: none"> • Include the Agreement • Include FFM approval using FFM Approval Email Template (if not included in the Agreement) <p>*  <u>Template for FFM Email Approval</u></p>
3	Same Client ID - Same Detail Code but new Address Sequence	No	No	<u>Request for New Address Sequence Form</u>

#	Billing Department Options	Considered as an Agreement as per the Signing Authority Policy?	FFM Approval Required?	Forms to Complete
4	Existing Client ID - Existing Detail Code (regardless if Address Sequence BI-xx is the same or new) BUT New/Revised Quotation >= \$10K	No	No	Submit <u>New/Revised Quotation >= \$10K</u> Please note, if the Third Party is PO based, the PO must also be submitted

PR3. Links to Related Documentation

[Fund Financial Manager Policy](#)

[Policy on the Approval of Contracts and Designation of Signing Authority](#)

[Financial Services Transaction Feed Policy](#)

[Other Regulations](#) – Sanctioned Countries (forthcoming)