Accounts Receivable & Billing System

In order to properly maintain complete financial records and prepare accurate financial reports, Sub-Board I, Inc., as Custodial and Disbursing Agent, requires that all amounts due to any Student Government/Client from outside parties be properly billed or invoiced through the Accounts Receivable system by Sub-Board I, Inc.

I. SALES PROCEDURES

1. **Contracts.**
   Standard contracts must be prepared and signed for each customer before service is provided to the customer and before invoices can be issued. The contracts should include the names, addresses and telephone numbers of the parties, the date the contract was made, a standard pricing schedule of the service being provided (or a separate Standard Rate Card may be used), a description of any discounts for which the customer may be eligible (e.g., pre-payment discount, volume discount, etc.), a description of the service being purchased by the customer and the appropriate cost of the service, a description of conditions under which the customer has recourse if the Student Government/Client fails to provide the service in whole or in part, a description of the recourse if the customer fails to meet the terms of the contract, and any other special considerations agreed to by the parties. The **original** completed, signed and dated contract must be submitted to the SBI Accounting Office **before** the service can be provided and before invoices can be issued. Copies of the contract should be retained by the customer and the Student Government/Client for their records.

2. **New Customer Accounts.**
   The Student Government/Client must complete a **Customer File Maintenance Sheet** for each new customer to be billed. The complete business name and mailing address, including ZIP Code and telephone number must be included on the Customer File Maintenance Sheet. If the party being billed is a student or student business, both a local and permanent address, social security number and student number must be included. Sub-Board I will assign a **Customer Account Number** to each customer and will return the Customer File Maintenance Sheet to the Student Government/Client after processing. Any changes in customer information should be reported immediately to the SBI Accounting Office so that records can be maintained on an up-to-date basis. Once a month, Sub-Board I will send the Student Government/Client a **Customer Name and Address Register** for their files.

3. **Billing Control Sheet.**

Once the service has been provided to the customer, the Student Government/Client must notify Sub-Board I by submitting a **Billing Control Sheet**. The Billing Control Sheet must be submitted on a timely basis, usually within two business days of the service date. This is especially crucial at mid-month and month-end when reports are generated. If the billings are not done promptly, these sales cannot be recorded in the accounts receivable records for the period in which the service occurred. The Billing Control Sheet must be accurate, legible and complete, with all pertinent information, including: a description of each service to be billed; customer account number; customer (account) name; dollar amount to be billed; salesman number (if applicable); units of service provided and rate per unit (if applicable); customer purchase order number (if available); and if applicable, the notation ***"PPD"*** for any amount prepaid by the customer with the corresponding receipt number assigned to the payment and the amount prepaid. Each Billing Control Sheet must be headed with pertinent information, such as page number (e.g., Page 1 of 3), name of organization providing the service, date submitted, volume ID and date (if applicable), etc., and each page must be sub-totaled with the grand total of all pages on the bottom of the last page. For publications, a copy of the magazine, newspaper, brochure, program, etc. must be submitted with the Billing Control Sheet.

4. **Invoices.**

After reviewing the Billing Control Sheet, Sub-Board I will issue a four-part **invoice** for each customer that appears on the Billing Control Sheet. Sub-Board I will retain one copy of the invoice. The remaining copies are given to the Student Government/Client for insertion of tear sheets, etc. and mailing to the customers. Invoices should be mailed promptly to the customers to insure prompt payment.

5. **Customer Statements.**

Customers whose invoices are outstanding (unpaid) at month-end will be sent a **statement of account** showing the unpaid balance due and the age of the unpaid balance. It is strongly recommended that Student Governments/Clients aggressively pursue any customer whose unpaid balance extends beyond a specific period of time, e.g., sixty days. Responsibility for the collection of overdue accounts rests with the Student Government/Client.

6. **Account Executives.**

Organizations that pay commissions to salespersons or account executives for selling services and managing customer accounts must complete a **Payroll Appointment Authorization** (see *Payroll and Personnel System* on Page 71) for each new salesperson within three days of hire. The Student Government/Client may determine the commission percentage to be paid. Commissions are paid to salespersons monthly according to the Sub-Board I

Monthly Payroll Schedule for all customer accounts that have been paid (not merely sold).

II. CUSTOMER PAYMENTS AND CREDITS

1. **Customer Payments.**
Customers are encouraged to send their payments to Sub-Board's Post Office Lock Box to insure prompt receipt and recording of their payment. Customers who do not use the lock box must be given a Customer Receipt Form at the time of payment whether payment is made in person or through the mail. The Student Government/Client must then deliver these payments to the Sub-Board I Business Office within two business days. Pre-payments must be received in the SBI Accounting Office a least one day prior to billing. Payments must be accompanied by a copy of the Customer Receipt Form which shows the customer account number, customer name, invoice number(s) (unless the customer is prepaying), and the corresponding amount to be applied to each invoice. See the Section VIII, *Cash Receipts System* (Page 63) for more information.

2. **Credit Memos.**
In the event that a customer account is to be credited for reasons other than payment, e.g., failure to provide the service, error in providing the service, amounts deemed uncollectible, etc., a **Credit Memo** form must be prepared by the Student Government/Client and submitted to Sub-Board I. The Credit Memo must indicate the customer account number, customer name, invoice number being credited, a detailed reason for the credit, and the amount to be credited. The credit memo must be properly approved and signed by an officer of the Student Government/Client.

III. TRADE AGREEMENTS

While it is acknowledged that trade agreements are a common business practice in the private sector, the nature of Sub-Board I, the Student Governments, and our other Clients is such that trade agreements **are not permitted** because of the potential for abuse. Corporate or Student Government assets are not to be used at individual discretion or for personal gain or traded to outside parties in exchange for goods or services which may go unrecorded in the accounting records and which may be of unequal value.

IV. REPORTS

Once each month Sub-Board I will provide the Student Government/Client with an **Accounts Receivable Ledger** Report summarizing by customer accounts the unpaid balance of each customer account and an aging breakdown of each unpaid balance. Once a month at month-end, Sub-Board I will provide an **Accounts Receivable Statement** summarizing all accounts receivable activity for the month, including total sales, adjustments to sales, receipts or payments, adjustment to receipts (e.g., pre-payments), credit memos, debit memos, and a listing of pre-payment balances.