Process Guide: Accounts Receivable

Accounts Receivable:

Description

- Accounts Receivable (AR) is the process of:
  - Creating invoices,
  - Recording revenue,
  - Applying payments, and
  - Monitoring balances
- For sales and services rendered by University departments to external entities.

Advantages

- Department visibility of customer payments and balances.
- Revenue is credited to the Department's account after the invoice posts.
- Payments should be directed to Miscellaneous Receivables (MR) Lock box either by the Customer or the Boston University Department. Lock box payments are processed by MR and posted to Customer accounts on a daily basis.
- Detailed monthly status reports are available in the Business Warehouse (BW) Reporting tab under Accounts Receivable.

Process Guide
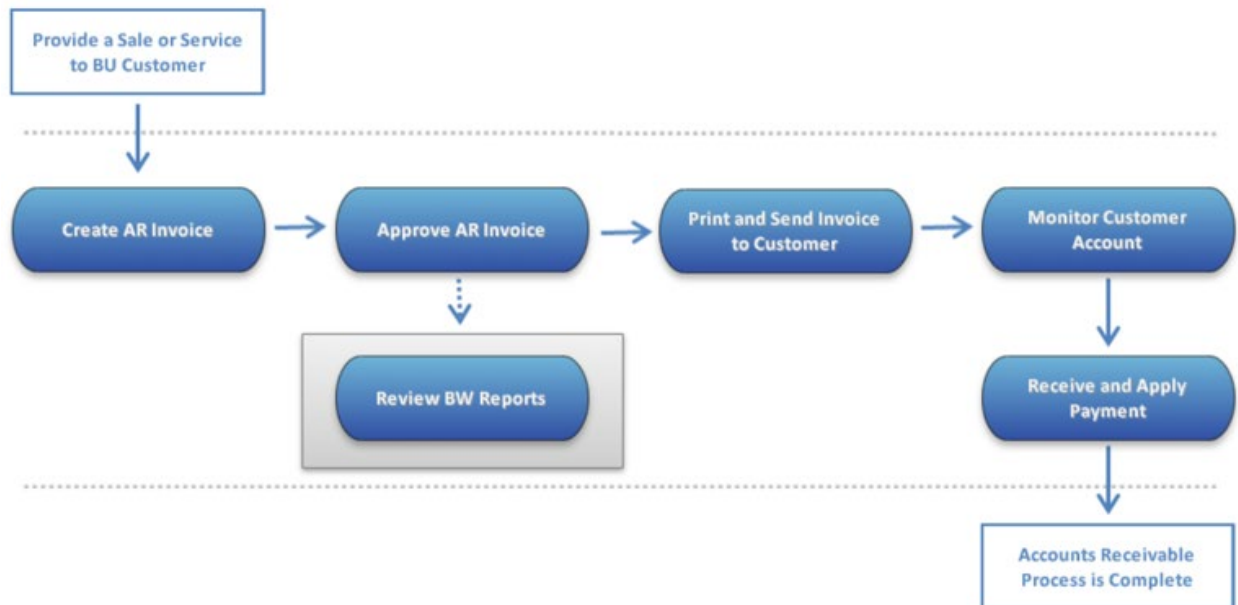
Create AR Invoice

When to Use

Department Submitter enters and saves charges for sales and services provided to organizations, companies, and individuals.

The Department Submitter can click one of two buttons:

- **Saved Parked Document** for further processing or changes,
- **Save as Completed** and notify the Department Approver that an invoice has been saved as completed and is ready to be approved. Workflow is not available for AR.

Before You Begin

Department Submitter should ensure that:

- Goods or services have been provided.
- A Customer Record exists. If not, the Department Submitter should complete the **Customer Master Data Form** found on the BUworks Central Portal under the Finance tab.

Work Instructions

Entering Outgoing Invoices (FV70):
http://www.bu.edu/tech/files/2016/01/FIN_AR_FV70_EnterOutgoingInvoices_WebGUI.pdf

Customer Display (FD03):
http://www.bu.edu/tech/files/2016/01/FIN_AR_FD03_CustomerDisplay_WebGUI.pdf

Relevant Documents

Customer Master Data Form: https://ppo.buw.bu.edu/

Approve AR Invoice

When to Use

Department Approver reviews the invoice. They can then perform one of the following options:

- Change the invoice and approve,
- Approve without changes.

When the invoice is posted/billed to the customer account, the revenue is recorded in the Department's account.

Before you Begin

The Department Submitter has to click the **Save as Completed** button so the invoice is ready for review.

Work Instructions

http://www.bu.edu/tech/files/2016/01/FIN_GL_FBV0_Post-Parked-Document.pdf

Review BW Reports

When to Use

Department Administrators should review the various BW Accounts Receivable Reports and the Display Customer Line Items transaction to:

- Monitor detail aging by customer,
- Follow up on outstanding receivables,
- Monitor what payments have been received.

Before You Begin

Know your customer account number.

Print and Send Invoice to Customer

When to Use

Once the invoice has been approved, Miscellaneous Receivables will work with you to determine how your department would like the invoice to be sent.

Please note, the invoice print program is run on a weekly basis.

Before You Begin

The invoice must be approved by the Department Approver.

Monitor Customer Account

When to use

The Miscellaneous Receivables Department performs the following functions after the customer invoices are sent:

- Apply payments received,
- Monitor customer accounts,
- Send dunning notices,
- Send delinquent accounts to internal Boston University Collections, an external collections agency or an external attorney.

Before You Begin

The invoice should have been sent to the customer.

Receive and Apply Payment

When to Use

Payments are sent directly to the Boston University's bank account via the Lock Box.

If a department receives an AR payment, they must forward the check and the invoice reference number to the Miscellaneous Receivables Lock Box, so the customer account receives appropriate credit.

Before You Begin

The invoice should have been sent to the customer.