

Accounts Receivable (AR) are funds owed to an entity (Queen’s) by customers (individuals or corporations) for goods and/or services that have been delivered or used, but not yet paid for. The intention of this guidance document is to provide information required to administer AR invoicing at Queen’s, and covers the following:

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The Decision to Invoice

An invoice will be required to be issued by Queen's University to a customer when goods/services are delivered. By issuing an invoice it improves transparency into the funds that are owed to the University and improves the chance of collection of those funds as an invoice is a legal document.

All invoicing (excluding Agency funds) that was processed using Open Item Key (OIK) will move to the Accounts Receivable (AR) module in PeopleSoft effective January 31st, 2023. Any items entered into the OIK after that date will be reversed by Financial Services and Departments will be required to re-enter into the AR module.

Reducing Credit Costs

Whether a sale or cost recovery, the university is financing the expenditures related to the goods/services provided until payment is received from the customer.

The Department can help to minimize this cost by:

- issuing invoices promptly upon delivery of goods/services.
- issuing installment invoices over the year, preferably with an advance at the beginning of the period - this is most appropriate in the case of expense recoveries, e.g., recoveries of a portion of salaries.
- actively pursuing collection of accounts receivable.

Reducing Risk of Bad Debts

With any credit transaction, there is a risk of not collecting payment. The risk of bad debts can be significantly reduced by following sound business practices, which include:

1. Obtaining a signed agreement or work order from the customer prior to providing goods or services. This can help prevent misunderstandings about the nature and cost of the goods/services, which are frequently the cause of collection problems.
2. Granting credit only to customers who have established their credit worthiness:
 - high profile customers with well-established business reputations.
 - customers with whom the department has had successful previous dealings.
 - government agencies

Invoice Preparation Instructions

Invoices should be prepared and issued by any business unit or department that has provided goods/services to external customers.

The invoice should be prepared and issued when services have been provided and/or goods delivered.

Invoices should only be issued to external customers. If the transaction is a sale or cost recovery from an internal customer, and you require guidance on this matter, please refer to the training documentation on the Financial Services website regarding [Revenue and Cost Recovery](#).

Tax Rate

If you are unsure of what tax rate would apply to a particular sale, there is guidance on the Financial Services surrounding tax rates, examples of university sales that are taxable, and those services which are zero-rated or exempt from HST. They can be found on the Financial Services website at [HST on External Sales – HST Collected](#).

If it is still unclear what tax rate should be applied, please contact Financial Services at hst.help@queensu.ca to ensure the right rate is applied.

To Issue an Invoice

Departments are responsible for creating all non-research related invoices. If research related and the department typically only creates a few invoices per year, please contact the applicable research analyst for invoice creation.

When invoices are processed through the AR module, they will be distributed by the system through email to the contact used when the invoice was entered. There is also the option to print/download the invoice if that is the preferred method of distribution. If a new customer or update to an existing customer (address, contact) is needed please see the forms section on the [Financial Services website](#) and submit to Accounts Receivable Financial Services accounts.receivable@queensu.ca.

There are 6 currencies that we can bill in, please note that amounts in the general ledger will be converted to CAD.

- Canadian dollar (CAD)
- US dollar (USD)
- Euro (EUR)
- Australian dollar (AUD)
- British Pounds Sterling (GBP)
- South Korean Won (KRW)

Department resources will be allowed to enter into the AR module once training is complete and will receive process documents to reference. These documents can also be found on the [Financial Services website](#).

- Standard (Online) Billing
 - Creating Standard Bills
 - Adjusting Standard Bills
 - Credit Standard Bills
- Recurring Billing
- Installment Billing
- Approve Billing
- Reports and inquiries

Payment Processing

Customers should remit their payments directly to Financial Services.

Acceptable forms of payment for invoices are:

1. Electronic funds transfer (EFT) – preferred method CAD payments only
2. Wire – CAD payments and other currencies
3. Cheque – USD to be a USD cheque, all other currencies to be a CAD cheque, and sent to the following address:

Queen's University
Financial Services
355 King St., W – 3rd Floor
Kingston, ON, K7L 3N6

Payments received will be processed by the Banking Team (banking@queensu.ca) and will be applied against the customer and applicable invoices. Financial Services will ensure that all payments received that have the associated invoice number referenced or invoice attached will be recorded in the fiscal period in which they were received in the Financial Services office. If payment is expected but not received, please reach out to the banking team with the applicable customer's name, amount, and invoice number for further investigation.

Credit Notes

Instances can arise where a customer does not receive the goods or services, or an invoice was issued in error. In these instances, a credit note should be issued.

Tracking Outstanding Invoices - AR Aging

To view invoices that are outstanding, there are [various reports and queries](#) that can be run in PeopleSoft.

These reports should be reviewed by Departments at a minimum on a **quarterly basis**. Failure to review may result in accounts being uncollectible resulting in invoices to be written off which will reverse any revenue associated with the invoice.

It is the Department's responsibility to monitor their aging reports and identify potential risks of accounts being uncollectible. **Financial Services will require quarterly reports to be submitted on outstanding accounts please contact accounts.receivable@queensu.ca for further information.**

Collection Responsibilities

The selling department is responsible for the collection of amounts due. This is not the responsibility of Financial Services, as the Department issues the invoices, has the required knowledge of the transactions, and has the business relationship with the customer. Financial Services does not contact customers, or otherwise pursue outstanding accounts receivable.

The Department:

- is responsible for following up on all unpaid invoices issued to delinquent customers 45 days after the invoice date - re-sending a copy of the invoice and phoning the customer.
- a final demand notice should be issued by the selling department 60 days after the invoice date.
- If the invoice remains uncollectible and the Department would like to send the customer to a collection agency please contact Financial Services for further information, accounts.receivable@queensu.ca.

Uncollected Amounts

Invoiced amounts which are not collected from customers are reversed by Financial Services through our write-off process (approximately 6 months after invoice date). This will result in revenues being reversed for the Department.

Uncollected accounts receivable includes the following:

- Small amounts representing differences between payments received and the amount of the original invoice (of \$100 or less), which are cleared to the department's accounts without prior consultation.
- **Amounts outstanding after six months** from the date of the invoice.

At the time the amount is reversed, an email is sent by Financial Services to the Department which will include information on the invoices and amount(s).

Uncollected Recoveries

If amounts reversed due to being uncollectible are subsequently recovered, they will be credited to an appropriate departmental account by Financial Services.

For more information or questions regarding Accounts Receivable – Invoicing External Customers, including access requests.

- Send an email to accounts.receivable@queensu.ca or
- Call Financial Services at 613-533-2050