



<b>Code</b>	QA305
<b>Title</b>	Invoicing and Debt Management Policy
<b>Policy Owner</b>	Bursar
<b>Date</b>	29/09/2022
<b>Approved By</b>	UMT

## 1.0 Purpose

This policy sets out information regarding the raising of invoices and collection of debt.

It applies to all invoices issued by all units<sup>1</sup> within the University except for Student Fee Billing invoiced through the Student Records System (refer to Policy QA307).

## 2.0 Description

### Invoicing

- I. An invoice is a legal document that creates a binding agreement between the University and its customers. It ensures the customer pays the agreed price for services rendered, in line with approved credit terms. Goods and services must not be supplied without a contract or purchase order documentation being in place.
- II. All Invoices to third parties must be raised through the Agresso Invoicing module known as Sales Order Processing (SOP)<sup>2</sup>.
- III. The invoice will include the Unit (D, C or R account) against which the income will be recognised and also an analysis of the income (e.g. recurrent, pension, capital or research).
- IV. Sales orders are entered on Agresso by each individual unit.
- V. Once the sales order is approved by the budget holder (via workflow in Agresso) it will be automatically converted into an official University sales invoice and emailed to the person who raised the sales order who then must email the invoice to the customer.
- VI. The income is recognised against the unit's cost centre when the official sales invoice is issued to the customer. Income received will be recorded against the invoice in an appropriate account (recurrent, research, capital, or pensions).
- VII. Invoices must be raised promptly, and no later than 7 days <sup>3</sup>following delivery of the goods or completion of the service.

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<sup>1</sup> Colleges, Professional Support units, Research Accounts Office, Research centres, TTO

<sup>2</sup> Refer to detailed procedural guide for Agresso SOP

<sup>3</sup> A shorter timeframe will be required at Financial year end

- VIII. Where income is received with no explanatory documentation such as an invoice or contract it will be retained centrally.
- IX. The budget holder should request that a budget is established for income received, where appropriate.
- X. Invoices should only be raised to third parties and should not be issued for supplies by one University department to another (i.e. inter-departmental trading). For this purpose, any University subsidiary undertaking (whether wholly or partly owned), Campus Radio etc. are regarded as third parties as they are separate legal entities to the University. See **Appendix 1** for list of university subsidiary undertakings.

### **VAT (Value Added Tax)**

- I. Supplies of education, and certain charges that are incidental to the provision thereof, are classed as VAT exempt. However, many activities that the University engages in will require VAT to be added. Prior to any price being quoted for the delivery of goods or services, it must be established whether VAT is applicable to the supply of the goods or services.

### **Pricing**

- I. All supplies must be priced to cover their full cost and must be fully compliance with state aid rules.
- II. In the case of clearly defined trading activities the scale of prices and any discounting policy, should be approved by the Head of Unit and the Director Financial Accounts (DFA).

### **Terms & Conditions**

Prior to any provision of goods or services there must be consideration for what specific arrangements need to be agreed with the customer in relation to that activity, especially with relation to: i. Price

- ii. Payment terms
- iii. Changes to orders
- iv. Delivery of goods or services
- v. Timing
- vi. Cancellation of contracts
- vii. Refunds
- viii. Risk
- ix. Insurance or Indemnity
- x. Intellectual property
- xi. For all conferences, a Conference Booking Agreement must be drawn up and signed by both parties.

## Foreign Currency Invoices

- I. The terms of supply should always be agreed in € Euro to avoid any exposure to foreign exchange losses upon settlement. Only in exceptional circumstances should invoice terms be accepted in foreign currency, for example, where payment is made by a grant awarding or sponsoring organisation that operates only in foreign currency.
- II. The Agresso accounting system has the functionality to raise invoices in Sterling (£) and US dollars (US\$). The same rules and principles will apply if these currencies are selected.

## Credit Notes

- I. Credit notes should only be raised to cancel an invoice, either in part or in whole, which has been incorrectly raised.
- II. In some cases, it may be necessary to credit the original invoice in full and reissue the invoice correctly. Both the credit note, and the re-issued invoice should be sent to the customer. In other cases, it may only be necessary to raise a partial credit.
- III. The credit note should clearly state at the beginning of the narrative “Credit Note;” refer to the original invoice number which is being credited; make clear why the credit note is being issued; and follow the same VAT treatment as the original invoice being credited.
- IV. Apart from debts that have been approved for write-off in accordance with the Debt Management section below, credit notes must not be raised to cancel an invoice due to the failure or refusal by a customer to pay an invoice that is properly due for payment.

## Payment Methods

- I. The method of payment is EFT transfer or online banking to the University’s main Bank account, details of which are on the University’s official sales invoice.
- II. Foreign currency is discouraged as any loss or gain on exchange, as well as any bank charges, will be charged to the unit issuing the Invoice.

## Debt Management

- I. Credit control is the prime responsibility of the unit issuing the invoice.
- II. Each unit will have a designated point of contact (DPC) <sup>4</sup>with whom the Accounts Receivable and Treasury (AR/T) office will liaise.
- III. The University’s standard payment terms are 30 days from the date of invoice. Individual units are not permitted to agree extended payment or instalment terms with a debtor unless authority is granted from the DFA.
- IV. Income not collected and recognised as a bad debt will be charged to the unit who issued the invoice.

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<sup>4</sup> See Roles & Responsibilities

### 3.0 Responsibilities

Name	Responsibility
<b>Director Financial Accounts (DFA)</b>	<ul style="list-style-type: none"> <li>• Compliance with the University's Income Policy.</li> <li>• Delegate authority to units to issue their own invoices.</li> <li>• Remove authority from units to issue their own invoices if the invoicing or credit control procedures of the University are not followed.</li> <li>• Approval of payment terms different to standard University payment terms.</li> <li>• Approval of discounting.</li> <li>• Approval of instalment terms.</li> <li>• Approval for write-off of debts.</li> </ul>
<b>Financial Accounts Accounts Receivable and Treasury Section (AR/T)</b>	<ul style="list-style-type: none"> <li>• • Compliance with the University's Income Policy.</li> <li>• Ensure accurate recognition and prompt collection of income.</li> <li>• Compliance with procedural guide for Invoicing and Debt Management.</li> <li>• Rollout out of Invoicing (Sales Order Processing SOP) module on the Agresso accounting system.</li> <li>• Provision of training including training material and website training guides for SOP.</li> <li>• Responsibility for raising invoices for income managed centrally.</li> <li>• Ensure invoices are not raised without a contract or purchase order from the customer being in place.</li> <li>• When raising a sales order upload the customer PO or Contract details.</li> <li>• Ensure one person for each unit is nominated as a designated point of contact (DPC).</li> <li>• Set up new product codes on the Agresso accounting system.</li> <li>• Set up and maintain income codes and related control accounts on the Agresso accounting system.</li> <li>• For non-research customers approve or reject new customer set up or amendment of existing customer details.</li> </ul>

	<ul style="list-style-type: none"> <li>For centrally raised invoices: <ul style="list-style-type: none"> <li>Set up of new customers.</li> <li>Amend details of existing customers.</li> <li>Email invoices and credit notes to company contact and company Accounts Department.</li> <li>Create sales order for approval. Amend rejected sales order if required and send via workflow to budget holder for approval.</li> <li>Ensure correct Vat treatment in place.</li> <li>Raise credit notes.</li> <li>Responsible for overdue accounts aged debt review and follow up.</li> </ul> </li> <li>Close sales order if required.</li> <li>Ensure pricing covers full cost.</li> <li>Generate monthly statements from Agresso and email to customers.</li> <li>Match payment on bank statement to invoice.</li> <li>Income received with no explanatory documentation such as an invoice or contract will be retained centrally.</li> </ul>
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	<ul style="list-style-type: none"> <li>Prepare monthly aged debt reports and distribute to unit DPC to action.</li> <li>Prepare monthly income (non-fees) analysis.</li> <li>Reconcile income (non-fees) balance sheet accounts with evidence of review.</li> <li>Post journal for bad debts if required.</li> </ul>
<b>Units</b> [Colleges, Professional Support units, Research Accounts Office Research Centres, TTO]  * RAO additional responsibilities	<ul style="list-style-type: none"> <li>Compliance with the University's Income Policy. Compliance with procedural guide for Invoicing and Debt Management.</li> <li>Responsibility for raising invoices for income due to unit. Ensure invoices are raised with documentation, e.g. a contract or purchase order (PO) documentation being in place.</li> <li>When raising sales order attach supporting documentation. Ensure invoices to third parties are raised via Sales Order Processing (SOP) Agresso module.</li> <li>Check Agresso to see if customer is already set up.</li> <li>Send customer set up form for non-research income to AR/T and research income to the RAO for approval.</li> <li>Enter new customer on Agresso.</li> <li>Create sales order for approval/amend rejected sales order if required and send via workflow to approver/budget holder* for approval.</li> </ul>

	<ul style="list-style-type: none"> <li>Email invoice/credit note to company contact and company Accounts Department.</li> <li>Close sales order if required.</li> <li>Ensure pricing covers full cost and complies with state aid rules.</li> <li>Ensure invoices are issued appropriately and promptly and settled on a timely basis.</li> <li>Ensure that services or goods are delivered as per agreed contract or letter of award.</li> <li>Credit control is the prime responsibility of the unit issuing the invoice. DPC review report of outstanding debt and follow up with customers to ensure timely payment.</li> <li>Ensure correct Vat treatment in place.</li> <li>Nominate one designated point of contact (DPC) for ART to liaise with. Within the Colleges, the DPC will be the College Finance and Business Managers:</li> <li>DPC approves requirement for new product codes if required</li> <li>DPC reviews and request additions to budgets.</li> <li>DPC provides tax advice and seeks specialist tax advice where required.</li> <li>DPC train new users within the unit and address queries.</li> </ul>
<b>Research Account Office (RAO) Additional responsibilities</b>	<ul style="list-style-type: none"> <li>In addition to the responsibilities above RAO also:</li> <li>Review new customers set up requests on Agresso for research income;</li> <li>Set up of new research customers;</li> <li>Amend details of existing research customers.</li> </ul>
<b>ISS (Information Solutions and Services)</b>	<ul style="list-style-type: none"> <li>Compliance with the University's Income Policy.</li> <li>Assist with workflow and technical queries for Sales Order Processing (SOP) Agresso module.</li> <li>Allocation of licences for SOP.</li> <li>Assist with enhancements and improvements to SOP.</li> </ul>
<b>Budget Holder</b>	<ul style="list-style-type: none"> <li>Approval of sales orders raised by units.</li> <li>Approval of credit notes.</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>Provide required details to user raising sales order.</li> <li>Make payment to University of Galway's bank account quoting invoice number in line with payment terms.</li> <li>Email remittance to <a href="mailto:income@universityofgalway.ie">income@universityofgalway.ie</a>.</li> </ul>

#### 4.0 Related policies

- QA307 Student Fee Liability
- QA312 Course Fee Establishment
- QA510 Management of the Research Funding Lifecycle

- QA311 Research Overhead Allocation
- QA325 Pension Control Account
- QA327 Investment Strategy
- QA313 Income Recording and Recognition

## **Appendix 1**

### **List of University Subsidiaries**

- UCG Research Applications Ltd. • Maoín Champaís Teo
- Atalia Student Residences DAC
- CCG Aonad Slainte do Mhicleinn CLG
- College Campus Radio DAC
- Galway University Foundation