

ACCOUNTS RECEIVABLE PROCESSING WELCOME KIT



TABLE OF CONTENTS

Overview.....	2
I: Eligible Receivable Transactions	2
II: Establish Banner AR C-FOAPAL(s) and Detail Code(s).....	3
III: Obtain Access to Banner AR and Banner Finance	4
IV: Allowance for Uncollectible Accounts	5
V: Create a Customer Account in Banner AR	5
VI: Assess Charges in Banner AR	6
VII: Billing in Banner AR	8
VIII: Payment Options in Banner AR	8
IX: Reconcile Banner Finance Ledgers to Banner AR	9
X: Collecting Delinquent Accounts	9
XI: Banner AR Contacts	10

Overview

University Student Financial Services & Cashier Operations (USFSCO) is responsible for billing and collecting all receivables recorded in the University's centralized accounts receivable system, Banner Accounts Receivable (Banner AR). USFSCO provides timely and accurate financial information and services to support our customers in fulfilling their financial responsibilities.

We welcome you to Banner AR! This Welcome Kit is designed to assist you and your department in effectively using Banner AR. In addition to this document, please familiarize yourself with the other pertinent resources on the Office of Business and Financial Services website (<http://www.obfs.uillinois.edu>).

I: Eligible Receivable Transactions

The University of Illinois System has determined that only two types of charges qualify as eligible receivable transactions:

1. **Student Accounts Receivable (SAR)** charges which are mandatory for all students participating in the curriculum, program, activity, or event, or benefiting from the service for which the charge is assessed.
2. **General Accounts Receivable (GAR)** charges related to business transactions that are consistent with the U of I System's overall mission of education, research, service to the community, and economic development, and for which the extension of credit is necessary for sound business reasons.

The sale of all other goods and services requires payment in advance through cash, check, money order, wire transfer or credit card. This ensures receipt of payment before the good or service is provided, and eliminates the need to bill customers on account, thereby making it the most efficient means of conducting business. In order to process payments in advance,

- Units who expect to receive cash or checks must be an approved [cash handling](#) unit.
- Units who expect to receive credit card payments must be approved for [merchant card processing](#).

II: Establish Banner AR C-FOAPAL(s) and Detail Code(s)

Upon verifying that the goods or services provided by your unit qualify as eligible receivable transactions, you must process those charges through Banner Accounts Receivable (Banner AR), the University's centralized billing system. In order to process charges through Banner AR, you must first establish appropriate Banner AR C-FOAPAL(s) and Detail codes as follows:

1. Determine whether appropriate C-FOAPAL(s) already exist or need to be created for each type of anticipated receivable transaction.
2. If new C-FOAPAL(s) need to be created, see [OBFS Accounting & Financial Reporting Forms – FOAPAL](#), and/or contact University Accounting and Financial Reporting (UAFR) at 217-333-4568 for assistance.
3. Complete and submit a USFSCO [Detail Code Request Form](#) for each type of charge as follows:
 - A. Line A: -
 - i. **Chart:** Your unit's Chart code (Chart will always be the same for lines A and B).
 - ii. **Fund:** Typical Fund types used on charge Detail codes are as follows (the Fund will always be the same for lines A and B on charge Detail codes):
 - University Income Fund Receipts (1Z)
 - Student Deposits and Other (2N)
 - Auxiliary Enterprises not under Indenture (3J)
 - Auxiliary Enterprises under Indenture (3M)
 - Departmental Activities (3Q)
 - Agency – Other (9D)
 - iii. **Account:**
 - 53100 for General Accounts Receivable (GAR).
 - 53101 for Student Accounts Receivable (SAR)
 - B. Line B:
 - i. **Chart:** Same as Chart used in Line A.
 - ii. **Fund:** Same as Fund used in Line A.
 - iii. **Account:** Typical Account types used on charge Detail codes are a revenue Account (3#####) or a liability Account such as 61800 for deposits into a deposit or self-supporting Fund.

NOTE: While each Detail code is linked to a unique C-FOAPAL, a C-FOAPAL can be linked to multiple Detail codes to allow greater reporting flexibility.

4. Upon submission, the [Detail Code Request Form](#) is automatically routed to USFSCO Accounts Receivable Operations (ARO) for preliminary review. When ARO review is complete the Form is forwarded to USFSCO Business Operations (BO) for Accounting Level 1 review and approval. When BO approval is complete the Form is forwarded to UAFR for Accounting Level 2 review and approval.
5. Upon approval by UAFR, an automatic e-mail notification of the new Detail code indicating that the code is available for use is sent to you and USFSCO ARO and BO.

NOTE: The USFSCO [Detail Code Request Form](#) is also used for maintenance of existing Detail codes.

III: Obtain Access to Banner AR and Banner Finance

Once your Banner AR C-FOAPAL(s) and Detail code(s) have been established, you will need access to view and post charges to customer accounts in Banner AR, and to view and reconcile your receivables in Banner Finance.

Your Unit Security Contact (USC) must request one or more of the following Banner AR and Finance accesses for all staff members in your unit who need it:

- “A/R: University Information Processor” – This is an update and query profile for Accounts Receivable staff who will enter deposits and charges, and query your customer accounts and unit detail codes in Banner AR using pages:
 - **TSAAREV** (update access)
 - **TFAMASS** (update access)
 - **TFADETL** (update access)
 - **TGIACCD** (view only access)
 - **FOAIDEN** (view only access)
 - **SPAIDEN** (view only access)
- “A/R: University Staff” – This is a query only profile for Customer Service staff. This profile and its related classes provide query access to Banner AR pages that enable staff to answer customer service type questions on account activity.
- “A/R: University Department Accounting” – This is an unrestricted profile for managers who will review receivables data input by University Information Processors, and review reports for your unit’s accounting needs. This profile and its related classes are comparable to the University Information Processor but provide a wider range of access.
- “Finance: Distributed Financial Query User” – This is a query profile that enables users to query FOAPAL tables, Index tables, Attribute tables, Chart tables, FOAPAL hierarchies, Journal Vouchers tables, Encumbrances tables, General Ledger and Operating Ledger. Query access to Accounts Payable, Approvals, Purchasing, Grants and Fixed Assets is also granted in this profile.
- “Finance: Distributed Journal Voucher User” – This is a maintenance profile that enables users to access Journal Voucher tables and enter Journal Vouchers.
- EDDIE report under Corporate Categories > Finance > Operating Ledger: **FIOL_Revenue_Expense_Transfer_Statements.**
- EDDIE report under Corporate Categories > Finance > Operating Ledger: **FIOL_Revenue_Expense_Transfer_Transactions.**

IV: Allowance for Uncollectible Accounts

Every good or service provided 'on account' and resulting in a receivable transaction must have a provision for uncollectibility. Under generally accepted accounting principles, this is accomplished by establishing an allowance for uncollectible accounts (a contra-asset account) that nets against total accounts receivable, resulting in a realistic value of the asset. The allowance is estimated annually at the end of the fiscal year at the Detail code level by USFSCO Business Operations (BO).

The allowance for uncollectible accounts is calculated by multiplying the receivable balance in the various aging "buckets" (see table below) by a reserve rate. A higher reserve rate is applied to older receivables because the receivables are less likely to be collected. For example, a \$100 receivable 366 or more days old is reserved at 95%. Therefore, \$95 is credited to the allowance account (53099) in the general ledger. The offsetting entry is a \$95 charge to bad debt expense account (186100) in the operating ledger. As the dollar amount of receivables increases or decreases each year for each Detail code, the corresponding allowance and bad debt expense are adjusted accordingly. In addition, the rates used in the allowance calculation are likewise reviewed annually and adjusted as necessary. Examples of reserve rates by aging bucket are shown below:

Aging "Buckets"

Current Due	1-30 Days	31-90 Days	91-180 Days	181-365 Days	366+ Days
0.25%	1.25%	5%	10%	35%	95%

Build an allowance for uncollectible accounts into your pricing structure by factoring the above calculation into the price you set for the good or service provided. For assistance in calculating your allowance, contact USFSCO BO at 312-413-5950.

V: Create a Customer Account in Banner AR

No action is required to create SAR customer accounts in Banner AR. SAR customer accounts are created and assigned a unique University Identification Number (UIN) by the University Office of Administrative Information Technology Services (AITS) when a prospective student applies and is admitted to the University. SAR customer accounts are activated upon assessment of charges (see section VI below).

Before creating a new GAR customer account in Banner AR, you must conduct a thorough search to determine if an account already exists. Because Banner is an integrated system and some data is shared between systems, it is critical to perform searches for existing records before creating new ones. Duplicate records can cause a variety of problems in the Banner system. See [Accounts Receivable Processing \(AR 103\)](#) for instructions on conducting searches in Banner.

If you are unable to locate an existing GAR customer account in Banner AR, request a new account as follows:

1. Verify and safeguard all personally identifying information of the customer. See [Identity Theft Prevention \(Red Flags Rule\) Program](#).

2. Complete and submit a [GAR Account Creation Request](#).
3. USFSCO Accounts Receivable Operations (ARO) conducts another exhaustive search to confirm that a GAR account does not already exist in Banner AR.
4. If an account already exists, ARO will notify you of the existing customer account number (9 digits beginning with @).
5. If an account does not already exist, ARO will create the account, assign a unique customer account number (9 digits beginning with @), and notify you of the customer account number.
6. For assistance in searching for or creating a customer account in Banner AR, contact ARO at aroperations@uillinois.edu.

VI: Assess Charges in Banner AR

All charges and credits entered in Banner AR must be designated as either General Accounts Receivable (GAR) or Student Accounts Receivable (SAR). GAR charges are designated by the alpha term code "ARTERM", and SAR charges are designated by six-digit numeric term codes. You must always use the appropriate SAR numeric term code when entering SAR charges or credits. SAR numeric term codes are determined as follows:

- The first digit signifies campus:
 - UIUC = 1
 - UIC = 2
 - UIS = 4
- The second through fifth digits signify calendar year.
- The sixth digit signifies semester:
 - Fall semester = 8 (since it begins in August)
 - Spring semester = 1 (since it begins in January)
 - Summer semester = 5 (since it begins in May)

Thus, term code 120168 = UIUC campus, Fall semester 2016.

Banner AR offers several pages for entering charges and credits. Examples include:

Page Name	Page Title	Description
TFADETL	Account Detail	To enter a charge or credit to one GAR account at a time.
TFAMASS	Billing Mass Data Entry – Finance	To enter a charge or credit to one or more GAR accounts at a time.
TSAAREV	Account Detail Review – Student	To enter a charge or credit to one SAR account at a time.
TSAMASS	Billing Mass Data Entry – Student	To enter a charge or credit to one or more SAR accounts at a time.

In addition, there are Banner feeders for recurring high volume assessments. For information about creating a feeder, contact USFSCO Accounts Receivable Operations (ARO) at aroperations@uillinois.edu.

Each page offers a different level of detail and functionality. You must always use a student page (identified by the letter *S* in the second position of the page name) when entering SAR transactions because finance pages (identified by the letter *F* in the second position of the page name) do not allow you to enter the term code.

Before entering GAR charges in Banner AR, you must create an invoice (using your own system) or equivalent documentation that clearly describes the good(s) or service(s) provided to your customer and itemizes the cost. Retain a copy of each invoice or equivalent documentation for your records if you mail the original to your customer. Sample invoices are available upon request from ARO at aroperations@uillinois.edu. You must then assess the corresponding charge(s) to the GAR customer account in Banner AR.

NOTE: Banner AR always records the dollar amount of the charge and its corresponding invoice number, so if you do not provide your own invoice number, Banner will arbitrarily assign one. If your unit does not have an invoicing system, you must create and maintain some other form of documentation of the charge(s), in the event a customer disputes or requires a detailed explanation of the charge(s).

The steps required to assess charges in Banner AR are as follows:

1. For GAR charges,
 - a. Create an invoice or equivalent documentation that clearly describes the good(s) or service(s) provided to your customer and itemizes the cost.
 - b. Mail (if applicable) the original invoice or equivalent documentation to the customer.
 - c. Retain a copy of the invoice or equivalent documentation for your records.
 - d. Be sure to include the invoice number (if applicable), along with the dollar amount of each invoice or total cost of each transaction, when assessing the charge(s) in Banner AR (step 2 below).
2. Using one of the Banner AR pages listed above, assess all charges to the customer/student account in Banner AR within 30 days of providing the good(s) or service(s).
 - a. Charges that fail to meet the 30-day timeframe may be rejected or reversed by ARO.
 - b. Email ARO at aroperations@uillinois.edu to request an exception if documented circumstances beyond your control prevent you from meeting the 30-day timeframe.
 - c. Assess approved exceptions to the customer account in Banner no later than 120 days after providing the good(s) or service(s) to the customer.
 - d. Explain approved exceptions in writing by letter or e-mail to the customer; this written explanation must:
 - Be sent in advance of any billing by ARO;
 - Clearly identify why the charge was delayed;
 - Include your unit contact in case the customer needs further clarification or wants to dispute the charge; and
 - Include a cc (copy) sent to ARO.

VII: Billing in Banner AR

Banner AR generates and USFSCO Accounts Receivable Operations (ARO) mails General Accounts Receivable (GAR) billing statements on the first business day of the month to customers with an outstanding balance greater than \$5.00. GAR billing statements reflect unpaid balances from prior billing statements, new charges assessed to the customer's account within the last 30 days, and the total amount due. Sample GAR billing statements are available upon request. Contact ARO at aroperations@uillinois.edu to request a copy.

Student Accounts Receivable (SAR) billing statements are generated on the second business day of the month. Enrolled students receive e-mail notification that they may view (and print if they wish) their SAR billing statement electronically in Student Self-Service. SAR billing statements are mailed to non-enrolled students.

All billing statements, GAR and SAR, have a due date of the 28th of that month. For example, if you assess a charge to a GAR customer on April 4, and the charge remains unpaid as of May 1, a GAR billing statement will be generated and mailed to the customer on May 1; payment will be due by May 28.

A monthly late fee is assessed on the delinquent balance prior to generation of the billing statement. All accounts are assessed a late fee of 1.5% per month on the delinquent balance.

NOTE: USFSCO supports a Customer Service (CS) unit for billing inquiries. You or your staff may receive requests from CS for invoices or other documentation as questions arise in the billing process. We ask that you respond promptly to these requests so that CS may respond promptly to the customer.

VIII: Payment Options in Banner AR

GAR Payment Options:

1. [GAR Online Payment Center](#):
 - a. ACH/e-check – at no cost to your customer or your unit.
 - b. Credit card – if your unit is willing to accept the 2.4% merchant fee, you may also authorize your customers to pay by credit card.
 - c. Visit the [GAR Online Payment Center](#) for instructions and to authorize your customers to pay by credit card.
2. Check payable to University of Illinois, accompanied by the billing statement stub, and identified by the customer account number noted on the check:
 - a. Mailed to the University lockbox (the payment address on the billing statement) at:

University of Illinois Payment Center
General A/R
28394 Network Place
Chicago, IL 60673-1283

NOTE: All lockbox payments are posted to the customer account in Banner AR using payment detail code LGAR, and are applied to oldest charges first (FIFO).
 - b. Mailed or delivered to USFSCO Cashier Operations at:

USFSCO Cashier Operations
506 S Wright St, Room 162
MC-367
Urbana, IL 61801

NOTE: All payments remitted to USFSCO Cashier Operations are posted to the customer account in Banner AR using payment detail code CPCG (for UIC accounts), SPCG (for UIS accounts), or UPCG (for UIUC accounts), and are applied FIFO unless specific invoice(s) are itemized on the check and/or billing statement stub.

- c. Checks applied FIFO may be un-applied and re-applied to designated invoice(s) upon request emailed to aroperations@uillinois.edu.

SAR Payment Options:

All students are encouraged to remit payment electronically via ACH/e-check or credit card at Student Self Service.

SAR payments are always applied to the oldest charge(s) first (FIFO). The only exceptions to the FIFO rule are Federal Title IV financial aid payments which may be applied only to current year charges and to prior year charges up to \$200. Thus, a student's current year Title IV aid will not apply to prior year charges in excess of \$200.

IX: Reconcile Banner Finance Ledgers to Banner AR

See [Reconcile AR Transactions Ledgers to Accounts Receivable](#) for specific details about the Banner AR reports and the data elements needed to perform this function, and [Accounting Reference Materials](#) > **General Ledger Reports** for information about the Banner Finance General Ledger statements. Ensure revenue is posting correctly by reviewing the **Revenue/Expense/Transfer Detail Statement** and the **Revenue/Expense/Transfer Transactions** report.

X: Collecting Delinquent Accounts

USFSCO ensures that all delinquent accounts in Banner AR are managed in compliance with all pertinent federal and state laws and regulations. USFSCO maximizes account recovery while providing excellent customer service through the use of internal collectors and third party collection agencies.

USFSCO performs the following activity on all delinquent GAR accounts in Banner AR:

1. Assess monthly late payment charges in the amount of 1.5% per month on all invoices that are 30 days or more past due.
2. Assess a monthly past due penalty in the amount of \$2 on all accounts that are 60 days or more past due.
3. Begin internal collection activity on all accounts with a balance of \$25 or more that are 30 days past due. Internal collection activity includes:
 - A series of emailed (or mailed in the absence of a valid email address) past due notices and phone calls made to the customer with the goal of collecting payment in full or initiating a payment plan.
 - Mailed notification at 120 days delinquent and placement with the Illinois Comptroller's State Offset System at 180 days delinquent when the account balance is \$500 or more. Accounts placed with the Offset System intercept Illinois wages, tax refunds, lottery winnings, and other state payments.

- Skip tracing to locate valid addresses and phone numbers.
 - State Offset email notification at 60 days delinquent followed by placement with the Illinois Comptroller's State Offset System at 90 days delinquent when the account balance is \$500 or more. Accounts placed with the State Offset System intercepts Illinois wages, state tax refunds, lottery winnings, and other state payments.
4. If internal collection activity is unsuccessful after 180 days, accounts are consecutively placed with up to three third party collection agencies. Third party collection activity includes:
 - A series of mailed past due notices and phone calls made to the customer.
 - Skip tracing to locate valid addresses and phone numbers.
 - Evaluating the cost effectiveness of litigation; when litigation is recommended, USFSCO generally authorizes the agency to litigate on the U of I System's behalf.
 - Closing and returning all uncollected accounts to USFSCO within one year.
 5. USFSCO places returned first placement accounts with a different agency as second placements. Second placement agencies perform the same activity as first placements.
 6. USFSCO may either place returned second placement accounts with a different agency as third placements, or determine the account is uncollectible and initiate write-off.

XI: Banner AR Contacts

USFSCO Accounts Receivable Operations (ARO):

- Susan Cotter, Administrative Aide, 217-244-6022, skcotter@uillinois.edu

USFSCO Business Operations (BO):

- Jim Boehm, Assistant Director, 312-413-5950, boehmj@uillinois.edu
- David Nims, Application Specialist, 312-996-9762, davenims@uillinois.edu

University Accounting and Financial Reporting (UAFR):

- Kasey Wilken, Financial Accounting & Reporting Analyst, 217-244-6809, wilken3@uillinois.edu
- Kim Coventry, Data Control & Report Coordinator, 217-244-3206, bui@uillinois.edu

AITS Help Desk:

- Urbana-Champaign or Springfield, 217-333-3102, servicedeskait@uillinois.edu
- Chicago, 312-996-4806, servicedeskait@uillinois.edu