



# Overview of Shared Services Center (SSC) Accounts Receivable Service


## I. Services Provided

Shared Services Center (SSC) - Accounts Receivable provides external customer invoice processing, collection, payment application, accounting, and reporting services for sponsored, general and various receivables excluding Letters of Credit (LOC). SSC-Accounts Receivable is divided into two teams (AR Sponsored and AR Services) that support three primary processes:

- Billing
- Payment Processing
- Collection

Sponsored projects are billed according to the terms of the award. Revenue is recorded along with an offset to accounts receivable at the time of invoicing. An invoice is created with a unique identification number and payments are applied to the matching invoice or project grant number. Payments for outstanding invoices should be submitted according to the invoice instructions, either to the AR lockbox or via EFT to the appropriate bank account. For invoices not paid by the due date (generally net 30), customer statements are sent to the sponsor/general customer and the SSC initiates collection efforts. Unpaid invoices, with a focus on invoices in excess of \$20k and 150 days, are discussed with Sponsored Programs' management for escalation.

SSC-Accounts Receivable also supports all general receivables processed using the university's central accounts receivable system. Units that intend to process their own general receivables must request an exception which would include approval from a senior unit official (e.g. Department Chair, Department Manager or higher) in their college/school/unit, and provide notice to a SSC-Accounts Receivable Supervisor. All approved exceptions expire annually on September 30, and can be renewed for an additional twelve months. Instructions on



how to request an exception may be found on the [Accounts Receivable Exception Request and Checklist Forms](#)

## II. Unit Responsibilities - Accounts Receivable

- Obtain Approval for External Rates as appropriate - charges for goods or services (excluding medical, dental, and other health care) provided to an entity outside the university must first have an internal rate approved by the [Office of Financial Analysis](#).
- Record revenues and receivables in the M-Pathways general ledger:
  - SSC Accounting Customer Service (ACS) records the accounts receivables each June 30 at the fund level and reverse them in July.
  - SSC ACS records a university-level reserve for uncollectible receivables.
  - Units record their deferred (i.e., unearned at June 30) revenue at June 30 and reverse it in July, or adjust it the following fiscal year end.
- Submit timely invoices and maintain underlying records:
  - Either upload invoice files to SSC-Accounts Receivable to issue the invoices, or the unit issues the invoices.
  - Units must retain the underlying supporting records for all invoices. Refer to [SPG 604.01, Departmental Record Retention for Business and Financial Records](#).
- Monitor outstanding receivables (refer to [SPG 500.01](#))
  - Units should collaborate with SSC-AR to identify resources who can assist with collecting the outstanding balance.
  - Units will absorb any outstanding receivable bad debt when all collection efforts have been exhausted.



### III. Other Resources

There are several things to consider when creating an invoice at the university. Listed below are related links on the University's cash management policies, criteria for applying Michigan sales and use tax, and the circumstances that allow U-M to enter into agreements of selling goods and services to non-university entities.

- [Cash Management Policies](#)
- [Michigan Sales and Use Tax](#)
- [Sales of Good and Services to Non-University Entities and Federal Unrelated Business Income \(UBI\)](#)