Using the Finance System to Bring in Income Guide

Contents   Page

1 What does this guide cover?

It is important that the University invoices promptly for any work undertaken and that this money is collected without due delay. Delays in the process often mean that it is harder to collect the income, meaning that work is undertaken without the appropriate financial return to the University.

Part One of this guide explains the different types of income, the University's rules for bringing in income and how to follow them.

Part Two of this guide will show you how to raise a sales order for income from other sources in the Finance System and explain the process of invoicing and crediting through this route.

Before reading this guide, or raising any sales order, you should have completed the following pre-requisite training:

✓ The 'Finance Essentials' e-learning course

✓ The 'Using the Finance System' e-learning course.

By the end of reading this guide you should understand:

✓ The primary sources of the University's income

✓ The purpose of sales orders and credit notes

✓ How debt recovery works and the implications for budget management, with regard to relevant regulations, policies and procedures

✓ How to enter sales invoices and credit notes on the Finance System, and track invoices for receipt of income

✓ Where to find further information, training and advice to support you in carrying out the finance related aspects of your role.

2 Who do I contact for further help?

This guide, along with the e-learning, endeavours to capture all of the essential information you need to know regarding raising sales orders and bringing in income to the University. However, if you have any questions after reading this guide please visit the Finance Website www.sussex.ac.uk/finance/ or contact the Service Desk at FinanceServiceDesk@sussex.ac.uk.

3 Feedback and comments

We value your feedback and would be grateful for any comments on how to improve this guide. Please email FinanceServiceDesk@sussex.ac.uk with your comments and feedback.

1 The financial framework

The regulatory environment within which the University operates creates a series of requirements the University must meet. **For bringing in income the key requirements are:**

- To meet and satisfy HM Revenue and Customs requirements

- To ensure that the University records and receives all of the income to which it is entitled

- To meet legal obligations such as those within the Proceeds of Crime Act and Anti Money Laundering legislation

- To ensure that the activity undertaken is allowable under the University Charter and Statutes, and that it does not threaten our charitable status

- To ensure Value for Money is achieved and demonstrated to students, funders, government and other stakeholders.

The University has put in place a financial framework to meet these requirements. **The key elements are:**

The Financial Regulations
The Financial Regulations are the rules laid down by the University that you need to follow. They make up the core of the financial framework. They are designed to ensure the proper and efficient use of resources within a sound system of internal control that supports the achievement of policies, aims and objectives and that fulfils any legal, financial or regulatory obligations.

The Regulations set out specific responsibilities for individuals and categories of individuals associated with the University. They also set out the primary sources of income and the requirements to enable the University to identify, collect and bank all income to which it is entitled. For further information, the Financial Regulations can be found on the Finance website.

Income Policies
The Donations Policy covers the University's philanthropic activities and sets out guidance and control for the receipt and recovery of gifts and donations. A Debt Recovery Policy is in place to ensure there is effective management of amounts owed to the University. The Director of Finance is responsible for maintaining appropriate arrangements for the prevention of money laundering. These are set out in the University's Anti Money Laundering Policy.

Systems
The financial systems record the financial transactions of the University in the required form and also facilitate users in their adherence to the Financial Regulations, policies and procedures. The process for raising sales orders is embedded within the Finance System and ensures the correct recording of income for reporting and control purposes.

2 Why is the financial framework important to me?

It is important that all staff understand their responsibilities within the financial framework.

Value for Money

All staff have a responsibility for ensuring Value for Money and cost recovery for all income for the University.

Compliance

Failure to comply with the requirements of the financial framework may lead to disciplinary action against staff, removal of honorary or visiting status, termination of contract or other appropriate action. Individuals need to ensure that they understand and adhere to their responsibilities.

Public Scrutiny

Under the Freedom of Information Act the University regularly discloses information in relation to financial transactions. There is significant public interest and the importance of having clear rules correctly applied cannot be overstated.

3 What are the primary sources of income?

The University wishes to encourage staff within the Schools and Professional Service Divisions to undertake activities that generate income for the institution. This could be from a number of sources including credit-bearing academic education, Continuing Professional Development and other forms of non-credit bearing education and training, residences and other student services, research and consultancy, gifts and donations and other items of ad hoc earned income. The Financial Regulations set out the primary sources of income and the requirements to enable the University to identify, collect and bank all income to which it is entitled.

The sources are:

Tuition fees

Council approves the tuition fee framework after consultation with Senate. The Director of Finance approves individual fees after consultation with the Director responsible for student recruitment and the Head of School. The Director of Finance also approves procedures for the application of fee waivers and discounts.

Income from gifts and donations

The Director of Development and Alumni Relations is responsible for the receipt and control of gifts and donations to the University, all of which belong to the University and not to any individual, and are governed by the University's Donations Policy. Gifts and donations must be notified to the Director of Development and Alumni Relations who will either accept or decline offers as appropriate and in accordance with the policy.

Income from other sources

Goods and services should only be supplied where it is advantageous for a University purpose, consistent with the University Charter and Statutes, and does not jeopardise its charitable status.

The Director of Finance or Chief Operating Officer must be consulted in advance of any agreement to supply any other goods and services or generate income from University assets.

Property can only be let with the approval of the Chief Operating Officer and the Director of Finance.

Student residential fees

Council approves student residence fees on the recommendation of the Strategic Performance and Resources Committee, following discussion between the Director responsible for residential services and the Students' Union.

Research grants and consultancy

The Director of Research and Enterprise authorises all applications, negotiates all terms, accepts all awards and enters into related agreements on behalf of the University.

The Director of Research and Enterprise ensures that project funding for research, knowledge exchange and consultancy are received and recorded in the University's accounts.

Each Head of School and Director of Professional Service is responsible for ensuring that externally-funded work is appropriately priced and recovered with reference to the terms of funding, Full Economic Costing (FEC) principles, and School resources.

Each Investigator is responsible for ensuring that externally-funded work is performed in compliance with the terms of funding and in accordance with these Financial Regulations and relevant University policy.

Funding body grants

The Director of Finance ensures that all grants notified by the funding bodies, with the exception of project funding for research, knowledge exchange and consultancy, are received and appropriately recorded in the University's accounts.

4 What is the process for research and consultancy projects?

The responsibility for monitoring and claiming income for Research and Consultancy projects sits with the Research Finance Team within the Research and Enterprise Division.

Their processes are outlined below:

The income budget is confirmed at award stage and income will match expenditure at the end of the awarded grant in most instances. The income budget (in GBP) is loaded into the Finance System as part of the project set up by the Research Finance. The payment profile will differ according to the funder.

In summary:

1: Research Council projects will be funded to an agreed schedule of payments.

2: EU grants are funded on completion of an expenditure claim.

3: Charities and other funders will confirm details in the terms and conditions of the award.

Invoicing dates for consultancy projects will be agreed during the contract negotiation stage. The sales order will be raised by Research Finance.

Some of the claims will also be linked to completion of reports submitted by the Principle Investigator; this will again be confirmed in the funders' terms and conditions.

Procedures are in place to review exchange rate gains and losses where funding is in foreign currencies.

5 What is the process for income from other sources?

This guide outlines the detailed process to follow when using the Finance System to bring in income from other sources.

Most of the other income sources have defined mechanisms for bringing in the income which are not included in this guide. For example the process for collecting donations is outside of the Finance System.

Before commencing any new activity leading to additional income streams, you should first seek the permission of your Head of School or Director of Professional Service.

If you intend to charge students an additional fee for an activity, you must consider the following:

- If it is related to their course or any other academic activity, you must ensure that students have been made aware of this in the Prospectus (if it is mandatory for their course) or that the activity is optional and students who do not attend are not put to any academic disadvantage.

- If the charge is not academic-related, the fee must be reasonable for the activity undertaken.

Before raising any sales orders, you need to ensure:

✓ There is a contract or other agreement in place, such as a purchase order from your customer

✓ The goods or service has been supplied or there is an agreement to invoice in advance or in staged payments

✓ That full economic cost is being charged to sponsors for research grants (where allowable), consultancy and other academic activity. For other activity, contact the Finance Service Desk for advice on costing and pricing the activity

✓ That you know your subproject and income code

✓ That you know your customer identification number. To set up a new customer account, please complete the New Customer Account request form located on the Finance website (www.sussex. ac.uk/finance/how/income).

The process for bringing in income from other sources is described in detail on the following pages.

START

Goods/ services supplied or agreed

The Financial Regulations state that goods and services (including rents and letting, conferences and other suppliers under University trading activity) should only be supplied where it is advantageous for a University purpose, consistent with the University Charter and Statutes, and does not jeopardise its charitable status.

Sales orders should be raised promptly for any work undertaken so that this money can be collected without due delay. Delays in the process often mean that it is harder to collect the income, meaning that work is undertaken without the appropriate financial return to the University.

Sales order (SO) raised

When raising a sales order you must record all sales transactions at the point of sale or delivery of a service so income can be collected promptly, and recovered in line with the Debt Recovery Policy.

It is important to raise an official sales order using the Finance System for the following reasons:
- It provides full details of the services provided and commitment of the University (which is essential should we need to chase the debt)
- It records the income against a subproject code, which will then be included in budget forecasting and financial planning
- It sets the payment terms the University expects
- It ensures Value for Money by producing a record of valid income, supporting debt recovery
- It supports legal obligations and meets VAT requirements.

Clear descriptions of goods and services, who they were agreed with, where and when they were supplied and any other documentary back-up are vital to:

- **Reduce queries and the level of outstanding invoices**
- **Reduce the probability of the debt being written off.**

The requirement to write a debt off is considered to be an exceptional circumstance, so getting it right at the order stage is very important.

Continued on next page

SO authorised & sales invoice created
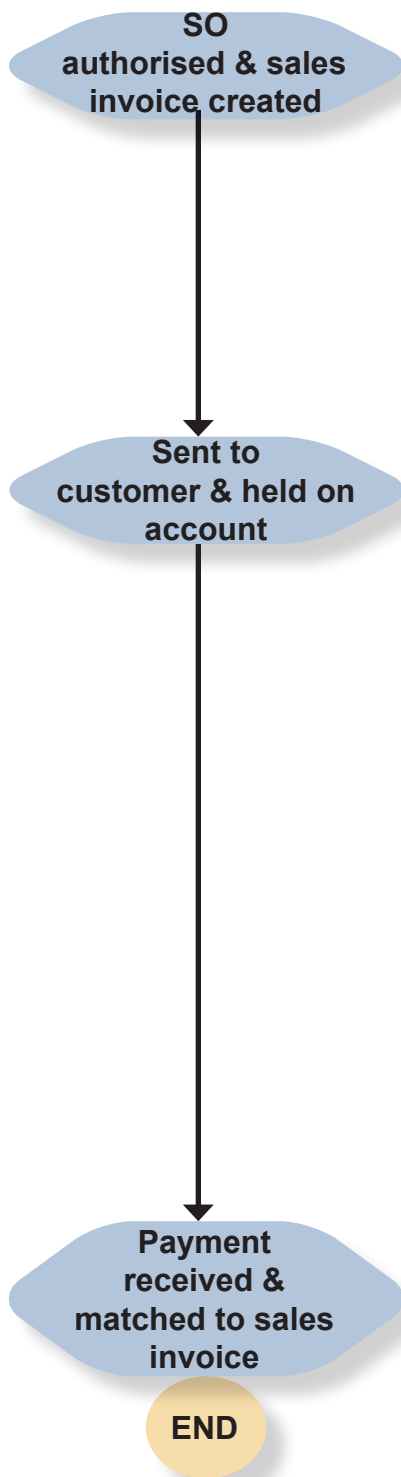
The sales order is then authorised by the appropriate Finance Team (Research or Non Research) resulting in a valid sales invoice being generated. To authorise a sales order the Finance Team will check:

- The activity undertaken is in line with our charter, statutes and charitable status
- The VAT status of the activity
- The level of debt outstanding by the company/individual.

Sent to customer & held on account

Once authorised, the sales invoice will either be emailed back to you or sent directly to the customer.

The sales invoice will look like this:

Payment received & matched to sales invoice

END

Once the payment is received it will be automatically matched to the invoice, without intervention by you. Should you receive any income via cheque you must immediately send this to Finance in Sussex House who will ensure prompt and secure banking. Income received as cash must be brought in person.

There are several different methods for customers to pay for goods and services:

- A payment plan for tuition fees or accommodation charges
- Credit/debit card
- Bank transfers (the normal practice for other income)
- Cash – However, please note that to protect the University from money laundering we will not accept cash payments greater than £500 to any single account.

6 What is the process for credit notes?

The process for credit notes is the same as for the raising of sales invoices, except that you must enter the price as a minus number and select a different posting cycle. Steps 15 and 21 in Part 2, Section 4 of this guide provide further information on this.

Credit notes should be raised where an invoice is no longer required for the following reasons:

- The goods or services were not supplied or were only partially supplied
- The invoice issued contains incorrect information.

When sales orders are raised the income is recorded against the subproject code on the Finance System. The raising of a credit note against the sales order will automatically reduce the income by the amount of the credit note.

If the goods or service was supplied and the invoice issued correctly but the company or individual is refusing to pay or cannot pay, a credit note should not be issued but the invoice will be dealt with under the University's Debt Recovery Policy.

7 How does debt recovery work and what are the budget implications?

The Debt Recovery Policy and procedures are in place to enable the Director of Finance to ensure that outstanding debts are monitored, and that there is swift and effective action to collect all overdue debt.

Debt would only be considered for write-off in exceptional circumstances. I.e. if all mechanisms for the recovery of the debt have been exhausted, or the debtor is bankrupt and the University has not been able to recover the full amount from the administrators.

All debt is collected by Finance, however if there is no response or resolution the debt may be referred to a debt collection agency.

When sales orders are raised the income is recorded against the subproject code on the Finance System. The raising of a credit note against the sales order will automatically reduce the income by the amount of the credit note. Should the income/debt be written off then in these circumstances the School or Division will be charged for the lost income.

1 An overview of sales orders

There are two primary types of sales orders:

- Orders created for the purpose of creating a charge and invoicing a customer
- Orders created for the purpose of creating a credit for a customer.

> **Before raising any sales orders, you need to ensure:**
>
> ✓ There is a contract or other agreement in place, such as a purchase order from your customer
>
> ✓ The goods or service has been supplied or there is an agreement to invoice in advance or in staged payments
>
> ✓ That full economic cost is being charged to sponsors for research grants (where allowable), consultancy and other academic activity. For other activity, contact the Finance Service Desk for advice on costing and pricing the activity
>
> ✓ That you know your subproject and income code
>
> ✓ That you know your customer identification number. To set up a new customer account, please complete the New Customer Account request form located on the Finance website (www.sussex. ac.uk/finance/how/income).

2 The classifications of customer

A unique account is created in the Finance System to identify every individual customer. In the case of students, these are created by means of an interface from the student records system and an account will be created as part of the student application and registration process. For commercial customers, and individuals outside of the student population, Finance will create accounts manually. If you require a new customer account to be created, please complete a New Customer Account Request Form which can be found on the Finance website.

The three different types of customer are identified by different types of customer identification numbers:

- **Commercial customers:** have a 6-digit number prefixed with a 'C'
- **Students:** have an 8-digit number (also known as a Registration Number). When raising an sales invoice which relates to a student, the 8 digit student registration number should be used. The first 3 digits of a Registration number denote the student's year of entry and 4th digit will signify if the student is an undergraduate (0) or a postgraduate (1). Therefore, a number starting 2161xxxx would signify a postgraduate student who began their course in 2016. In the case of invoices raised to commercial customers, for example a sponsor who may be invoiced many times for different students, it is necessary to use this field to help identify the student the invoice relates to.
- **Non-student individual customers:** have a 6-digit number with no prefix. These would include, but not limited to: staff, sponsors, partnership students in the Brighton & Sussex Medical School.

3 What to do with errors and warnings

ℹ The example on the right demonstrates warning messages when mandatory fields have been left blank. Warnings will be displayed at the bottom of the screen with the respective fields highlighted.

If fields are entered out of sequence then these errors may not appear until you try to save the order.

The use of certain products and/or subprojects may require further fields to be entered (which may not ordinarily be mandatory). For example, products used for academic purposes such as tuition fee adjustments. In this case the Studtype, Registration number and Academic Year fields may be required.

If you have entered all of the fields required but the warnings remain, check that the fields at the bottom of the order in the Finance Codes section are also completed.

Note that using the TAB key after any field is entered will ensure the System holds the value input.

ℹ **No value required fields**

Occasionally, fields may require a value where no value is applicable. For example, a BSMS student with an academic product. Where fields are alphanumeric, then "not applicable" or "NA" may be used.

In the case of a numeric field (e.g. a registration number) then "000" may be used if the sale does not relate to a student.

ℹ **Multiple authorisations on a single order**

If you have split the sales order across different subprojects using the Split row function, each row will be submitted for authorisation and appear as a separate task. The sales invoice will not be created until all rows have been authorised.

4 How do I use the Finance System to raise a sales order for goods and services?

1. **Log-in** to the Finance System.

2. **From the main menu**, select Customers and sales, then Simple sales orders.
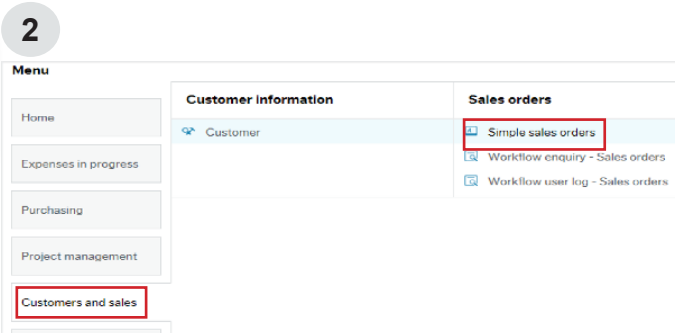
Sales order

3. **Enter the customer number.** The type-ahead function allows you to search using a name or number and will provide a drop down list after 3 characters are typed.

   The status will now display as "to invoice".
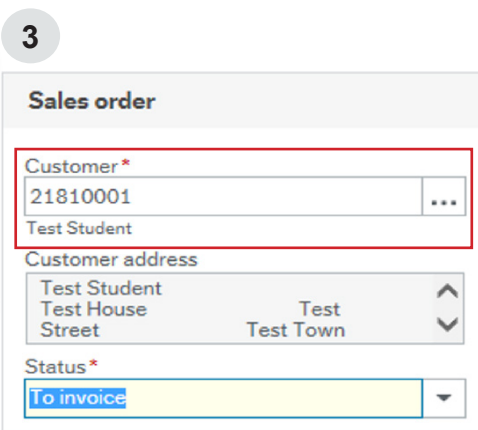
References

4. **The External Order Ref field** can be used when a customer provides a purchase order or a specific reference for you to quote when raising a sales order. This will appear on the top section of the sales order when raised and is often required to ensure a sales order is paid. If you do not have any specific requirements to quote a reference, this field can be left blank.

5. **Complete the mandatory External reference field.** Unlike the External order ref field, this field will not appear anywhere on the printed sales order. However, it is essential that it is completed as it will form the text description which appears on a customer's account against the invoice or credit raised. In the case of a student account it is also the description the student will see when viewing their Sussex Direct account. A short description containing the most relevant information should be used, for example:

   "Room Hire 24/05/19 – Prof. Yaffle Ref:1974"
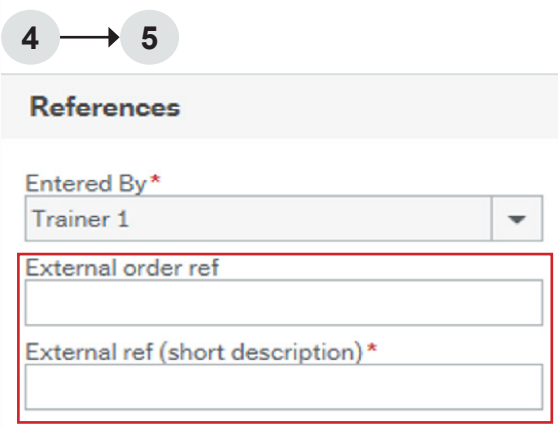
Invoice

6. **The payment terms will default** depending on the type of customer.

Tab through to the next section.

6

Invoice

Currency *
GBP   ...
Sterling Pound (GB)
Payment terms
Due Immediately   ▼

Default Finance Codes

7. **Enter a C** if you want the sales order to be e-mailed to the customer, or an R if you want the sales order to be emailed back to yourself as the requester.

8. **The Student registration number**, Studtype and Academic Year fields are not mandatory but may become mandatory if certain academic products are used, for example fee waivers. The data in these fields is used for reporting by certain academic and administrative departments. If you have not been requested to complete these fields by the Finance Division, or the product code you are using does not require them, they may be left blank.

9. **If you are invoicing a student**, enter a student registration number.

10. **Enter the subproject.** You can search for the subproject by code or name by using the type-ahead function and entering the first 3 characters.

11. **If you are invoicing a student**, enter the academic year.

12. **To enter the type of product or service,** click in order lines to open a line.

13. **Search for the product by code or description.** You can use the type-ahead function and drop-down menus for this. Once selected, tab across to the description field.

14. **The description will default** to the product selected but this can be over-typed with a more specific description if required.

7 → **8**

⌃ Default Finance Codes

Sales order email destination *   Studtype
R| ▼ ...   ...
  C   Email to customer
  R   Email to requestor   Subproject *
                         ...   ...
Academic year
                         ...

9

Student registration number
21810001   ...
  21810001   Test Student

10

Subproject *
DS002-| ...
  DS002-02   Test Sub Project
  DS002-05   Finance System Test sub project

11

Academic year
18/19| ...
18/19

12

⌃ Order lines

☐	#	Status

13

Product	Description	Quantity
* bed ...		0.00 *
SD014	**Bedding** packs	
SD411	**Bed** and breakfast en-suite	
SD412	**Bed** and breakfast standard	

15. **Enter the quantity and price.** The tax will be automatically calculated based on the product type selected.

    Note: If you are raising a credit note, you must put a minus in front of the price.

16. **Click on the down arrow** to open the Additional product information box to enter any other information. This will appear under the product description in the main body of the sales order.

17. **Check** that all of the finance code information is correct, including the account code and subproject.

    The tax code will default from the product code used, but can be amended if necessary.

18. **The order can be split between subprojects** by clicking on Split row and entering a new subproject by either percentage or value. Tab across to update the values.

19. **To remove a split row**, select the row and click Delete. Then over-type the percentage split back to 100 (or value split if used).

20. **Click the Save button** at the bottom of the screen.

21. **Scroll up the screen and select a posting cycle.** For a general (non-specific) sales invoice use SI, for a credit note select SC. This will ensure that the correct sales invoice or credit note template is generated. In most instances only SI for invoices or SC for credit notes should be used. Some departments, for example the Library, have more detailed transaction types to identify specific types of invoicing. If you are unsure which posting cycle you should be using, please contact the Finance Service Desk who can advise you.

22. **After clicking on OK,** the sales order will be automatically sent for authorisation and a reference number will appear on the screen. It is a good idea to make a note of this to enable you to check the progress of the order through workflow at a later date.

5 How do I track the progress of a sales order via workflow?

The progress of an order, up to authorisation, can be checked via a workflow enquiry report.

1. **Navigate to the main menu** in the Finance System. Click on Customers and sales, then Workflow enquiry - Sales orders.

2. **Type the sales order number** in the OrderNo field and click Search.

   To search for all orders that you have raised, enter your username in the Resp field, untick the Historical box and click Search.

   To search for authorised orders tick the Historical box.

3. **You will now see a report** of either the single order you searched for, or a list of open orders if you searched by username.

   The orders will be displayed with a list of authorisers and the current workflow status.

4. **You can click on Workflow in progress** to open a map showing all of the steps in the process and the current status of the order.

   Green boxes illustrate steps which have been completed. **Yellow** boxes are currently awaiting action.

1

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6 How do I view all of my sales invoices on the Finance System?

You can run a report of all sales invoices that you have raised. This report can be a useful reference guide and also contains a link to view the actual sales invoices.

1. **Navigate to the main menu** in the Finance System. Click on Reports, then Sales Reports, then My Sales.

2. **The Order date between period will default** to the previous one month but this can be set for a specific period by changing the fields to a date range of your choice.

3. **Click Search.**

4. **The report will now be displayed,** showing all of your sales orders raised within the specified period.

   Click on the Invoice number to launch the transaction details and then the image viewer to display the invoice.

5. **You can click** the ![icon] icon to download or save the image, or right click on image to print the invoice.
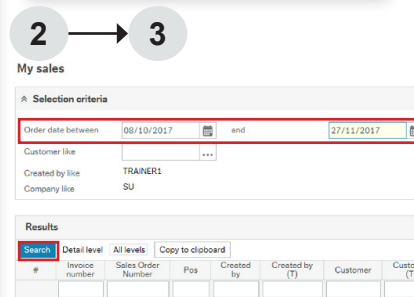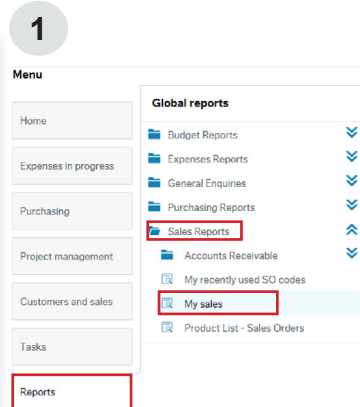
1

2 → **3**

4

5
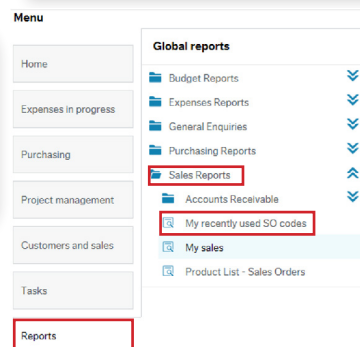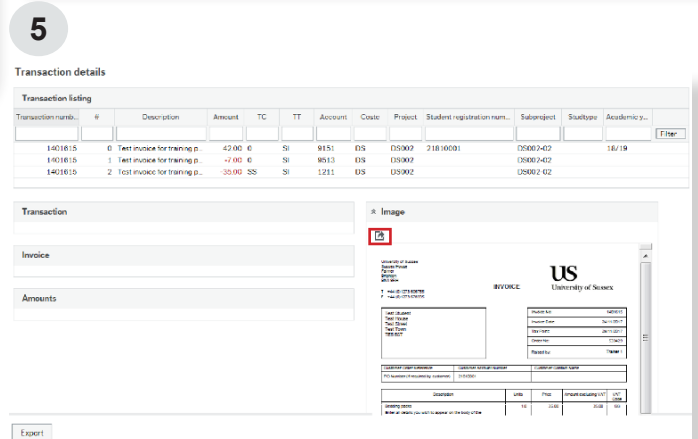
ℹ️ **In addition -** You may wish to remind yourself of your recently used sales order codes, which can be done by selecting the 'My recently used SO codes report'.

7 How do I check if a sales invoice has been paid on the Finance System?

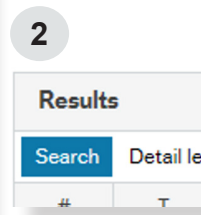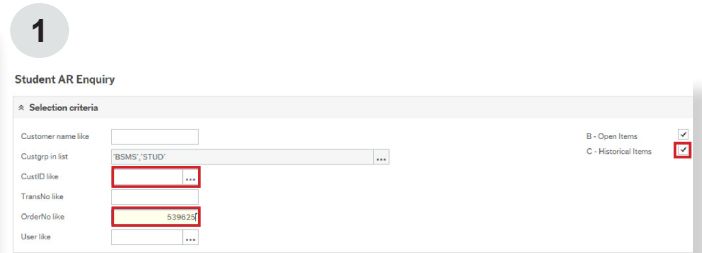There are two separate enquiries for viewing accounts to confirm whether an invoice has been paid.

For all non-student customers (such as commercial customers) navigate to: Reports, Sales Reports, Accounts Receivable, Accounts Receivable Enquiry.

For all current and former students navigate to: Reports, Student Enquiries, Ex-Student or Student AR Enquiry.

The following example uses the Student AR Enquiry screen, however all Accounts Receivable Enquiry screens operate the same way.
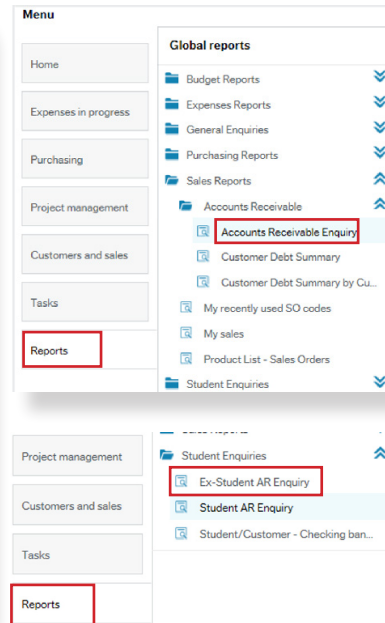
1. **Open** the Enquiry Screen and enter either the order number or transaction (invoice) number of the invoice you wish to view. Ensure the Historical Items on the right hand side is ticked.

   Note: If you wish to view the whole account, enter the Customer ID (or Registration Number for students).

2. **Click** Search. The results will display one transaction line for the order/transaction number entered.

3. **If the invoice is still outstanding**, the status in column T will be 'B' and the Rest curr. amount (amount remaining) will be the value, or part value, of the invoice raised. You can click on TransNo to view an image of the invoice.

4. **If the invoice has been fully paid** (or matched against a credit), the status will be 'C' and the Rest Curr. Amount will be showing at 0.00.