Guidance on ... understanding sales invoicing

This note provides guidance on the financial management of sales invoices. In recent years the University has encouraged its staff to engage in areas other than teaching and research. Sources of income come from third stream, knowledge transfer, non research and other external, from activities such as consultancy, services rendered, short courses and conferences.

What to consider

Before raising a Sales Invoice you need to know the type of activity you are invoicing a customer for:

1. Certain areas of the University’s activities are invoiced by central teams within the Department of Finance and staff don’t need to undertake this function in their departments, eg invoicing for externally funded Research Grants and Contracts is undertaken only by the Research Finance team, the billing of students for their Tuition and Accommodation Fees is undertaken by the Income Office team.

2. There are some instances when a Sales Invoice is either not required, or is not appropriate, and these are typically functions or events where students or other customers are paying on the day for the services they have received, eg student contributions to course materials. Further guidance is available on ‘how to handle income’.

3. For other departmental activities, it is the responsibility of staff in their departments to raise Sales Invoices. Sales Invoices are produced in uBASE, but access to this profile is restricted to those trained to use it. Staff should NOT prompt or request payments to be made to the University for services we have provided by simply sending a letter or email. In all cases a formal University Sales Invoice is required.

If you have any doubt whether a Sales Invoice should be raised, please contact a member of the commercial customer team in the Income Office team in the first instance.

Understanding what happens to the income

There are a range of project accounts which enable reporting on the different sources of income to the University and the types of activity undertaken. Non-research project accounts ensure that the University has accurate data to underpin funding and budgeting decisions, and can meet its legal obligations to correctly report on:

- income and expenditure – to Higher Education Funding Council for England (HEFCE)
- VAT charged to customers – to HM Revenue and Customs (HMRC)

Within uBASE income must be recorded in non-research project accounts (or WBS) and NOT credited to core cost centre accounts:

- cost centre accounts record EXPENDITURE against core departmental budget
- non-research project accounts record the INCOME generated AND the EXPENDITURE incurred for each specific activity
To raise a Sales Invoice three details must exist, and be compatible in uBASE:

i. Non-research project account/WBS code
ii. Customer account number
iii. Sales Material code

If the Sales Material selected is not compatible with the type of project account (WBS code), users will receive the following error message “Invalid Material/ WBS (Project Type) combination”. The full list of compatible Sales Materials is here. Guidance on what to do if you get an error is available here.

The combination of the type of project account, the customer type, and the sales material codes determine:

- where any income generated is posted in the University's financial accounts
- the appropriate tax treatment
- how outstanding debts will be chased up by the Income Office team

**Completing the work and raising the invoice**

Once a member of staff has confirmed that they are going to embark on a piece of work we need to ensure that the income will arrive within the University. This will involve completing a Sales Invoice according to some form of instruction/agreement between the University and the customer. Most organisations require a purchase order before they will pay our invoice. Please obtain a purchase order number from your customer to enter into the PO field on your Sales Invoice.

Sales Invoices have to be raised in two stages:

1. Sales order is created
2. Sales order is billed and issues an invoice to be sent to the customer

**What happens next?**

When an invoice is 14 days overdue (21 days for overseas to allow for longer posting times) debt chasing commences by the Income Office team. An overdue invoice will get a letter and a further letter 14 days after. In addition to reminder letters, staff in the Income Office will phone or email customers to chase up payment.

If the debt remains unpaid after this period it is referred to a debt collection agency, who issue three reminder letters on our behalf, followed by court proceedings against the customer. For large and complicated debts the University solicitor will be consulted for advice.

Once the University starts chasing up payment of invoices, lots of questions are raised by customers. In most instances the Income Office staff will need to refer back to the issuing department for the relevant information or action required before following up with the customer.

**Paying a University Sales Invoice**

The University accepts various methods of payment. Most companies pay direct into the Universities bank account, although they can pay online; students and individuals predominantly use this method. A few payments are also received by cheque, standing order and cash. Once payment is received it is input onto the customer's account by the Cash Office Team. The payment creates a credit line entry on the customer's account; this is then matched together with the debit line created by the invoice to mark the invoice as paid.
Useful links for additional guidance

More information is available online about the Sales Invoicing profile and uBASE training.

If you have any doubt whether a Sales Invoice should be raised, please contact a member of the commercial customer team in the Income Office team in the first instance.

For guidance on the use of non-research project accounts contact the Assistant Finance Manager for your Academic Department or Professional Services Department.

For advice on VAT and Tax Exemption issues contact the Tax Team.

For help with existing Sales Invoicing problems or queries contact Alison Atkin or Cherryl Eshelby in Group Accounting and Planning.

Further reading:

- VAT and Sales Invoices
- Guidance on paying in income
- Dealing with University income
- Sales material errors
- Full list of Sales Materials and VAT codes