

FINANCIAL INFORMATION SYSTEM

Transaction Processing

Internal Billing Document

Financial Documents Group

**Financial Management Services
INDIANA UNIVERSITY**



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The Internal Billing Document

SECTION A. Basic Information

The Internal Billing document is used for the billing of goods or services provided by a university department to another university department, reflecting income to the provider and expense to the customer. This document enables the university to be a good steward of its financial resources since writing a check to another university department would be quite costly.

1. WHAT IS IT?

The Internal Billing transaction facilitates the recording of income and expense in exchange for goods or services between two or more university accounts.

2. WHY IS IT USED?

- To record income to an account for provision of goods or services to another university account
- To record expense to an account for receipt of goods or services from another university account

3. WHO USES IT?

Account managers and their delegates, support, department, and campus administration staff are typical users of the Internal Billing document. The approval of each expense account manager or delegate is required. The document will then route according to the governing conditions (see Routing and Approval section on page 7). Additional approvals may be established within the review hierarchy as deemed appropriate.

4. WHEN IS IT USED?

- It is used when recognition of income and expense is important rather than just a movement of cash between accounts (as with the Transfer of Funds document)
- It is NOT used to record the sale of capital equipment between university accounts

5. HOW IS IT USED?

The Internal Billing document provides a means of billing other departments *in exchange for goods or services*. It is used to reflect income and expense in the appropriate accounts in which such transactions occur.

The Internal Billing document is located in the “Financial Documents” group on the Document Group Selection screen. It appears as follows:

The screenshot shows the 'Internal Billing' window with the following data:

Internal Billing			
Document #: 01-MB6253902		Status: ?	Departmental-Information
Initiator: DADORSEY		Created: 07/05/2001	Org Doc#: []
Amount: 0.00		Description: []	Explanation: []
Income			
COA	Account	Object	Amount
[]	[]	[]	[]
Insert Line			Delete Line
Total:			0.00
Expense			
COA	Account	Object	Amount
[]	[]	[]	[]
Insert Line			Delete Line
Total:			0.00

The Internal Billing has three zones:

The Document Information Zone

This close-up view shows the top portion of the 'Internal Billing' window:

Internal Billing	
Document #: 01-MB6253902	Status: ?
Initiator: DADORSEY	Created: 07/05/2001
Amount: 0.00	Description: []
Explanation: []	Org Doc#: []

This zone is composed of two sections, which are identical to that of most other TP financial documents. Provided here is the Document Number, Document Status, User ID of the document initiator, the Creation Date of the document, and the Total Amount of the transaction. (The total

amount consists of a total of the transaction lines in the income and expense sections of the document. The total income and total expense figures must balance to each other.) These data are system-generated. The initiator of the document fills out the required “Description” field, which appears on the standard reports.

The document initiator also completes the departmental information in the right-hand section. The “Org Doc #” field may be used by the organization initiating the document for its own record keeping purposes. A detailed explanation of the transaction should be included in the “Explanation” field.

The Income Zone

COA	Account	Object	Amount
<input type="checkbox"/>			

Total: 0.00

Use of this zone records income to the account, sub-account, and object code combination entered. Multiple lines may be created using the “Insert Line” button.

While the object code used in the Income Zone is usually an income object code, expense object codes can be used. Using an expense object code in this zone will credit that expense by the dollar amount entered.

The Expense Zone

COA	Account	Object	Amount
<input type="checkbox"/>			

Total: 0.00

Use of this zone records expense to the account, sub-account, and object code combination entered. Multiple lines may be created using the “Insert Line” button.

Requirements

The following table provides a breakdown of field requirements specific to this document:

<u>Field Name</u>	<u>Title & Description</u>	<u>Other Information</u>
Description	Description A brief description of the transaction should be entered into this field by the document initiator. The description provided here will appear on the monthly transaction listing.	Up to forty alphanumeric characters. Required
Org Doc #	Organization Document Number This field may be used to provide an additional identifier for the organization initiating the document if desired.	Up to ten alphanumeric characters. Optional
Explanation	Explanation This field allows for provision of a more detailed explanation than the information supplied in the "Description" field. To ensure the document is approved in a timely fashion, a detailed explanation for the transaction should be given.	Up to four hundred characters. User may double-click on the field to bring up an expansion window that reveals a full view of the field. Optional
COA	Financial COA Code The chart code identifies the chart of accounts in which an account can be found.	Two characters. The entry to this field is system-generated based on the account number used in the "Account" field. Required
Account	Account Number The account number is an identifier for a pool of funds assigned to a specific organization for one or more specific function(s).	Seven alphanumeric characters. Select the down arrow beside the field (or double-click on an empty field) for a look-up window. Double-click on the field when it contains an account number for more information about that account. Required
Object	Financial Object Code This field identifies the specific type of income or expense for a particular transaction.	Four characters. Double-click on an empty field for a look-up window. Double-click on the field when it contains an object code for more information about that code. Required

<u>Field Name</u>	<u>Title & Description</u>	<u>Other Information</u>
Amount	Amount This field provides the amount of the transaction referenced on an individual line of the "From" or "To" zones.	Up to fifteen characters, plus two characters separated by a decimal point. Negative numbers are permitted. Required

6. EXAMPLES OF ITS USE

Example 1: Billing for Goods/Services

Situation	Procedure	Steps and Results
<p>FMS wishes to bill UITs for the use of the FMS training facility via the Internal Billing document. Income must be recorded to FMS account 1912610, and expense must be recorded to UITs account 2311520.</p>	<p>Income Zone: enter account number 1912610 and object code 1800 to reflect other income to the FMS account.</p> <p>Expense Zone: enter account number 2311520 and object code 5082 to reflect training room expense to the UITs account.</p>	<p>Account 1912610 reflects a credit of \$700.00 in income. Account 2311520 is debited to reflect \$700.00 of expense.</p>

The screenshot shows the 'Internal Billing' window with the following details:

- Internal Billing Section:**
 - Document #: 01-MB6253902 Status: ?
 - Initiator: DADORSEY
 - Created: 07/05/2001
 - Amount: 700.00
 - Description: FMS Training room re
- Departmental Information Section:**
 - Org Doc#: W183INCOME
 - Explanation: UITs use o
- Income Section:**

COA	Account	Object	Amount
1 UA	1912610	1800	700.00
<input type="checkbox"/> GENFMD	FPOP FMS ADMINISTRATION		OTHR INC N

Total: 700.00
- Expense Section:**

COA	Account	Object	Amount
1 UA	2311520	5082	700.00
<input type="checkbox"/> DOFDS	VPIT STUDENT INFORMATION		TRAIN RM EX N

Total: 700.00

The window also includes a toolbar on the right with icons for OK, CANCEL, ROUTE, BALANCE, NOTES, subAcct, and ITFIS.

Results of the transaction are reflected in the pending ledger as follows:

Seq #	Chart Account	Obj	Bal Typ	Obj typ	Amount	DB/CR
1	UA 1912610	1800	AC	IN	700.00	C
2	UA 1912610	8000	AC	AS	700.00	D
3	UA 2311520	5082	AC	EX	700.00	D
4	UA 2311520	8000	AC	AS	700.00	C

To see the results of a transaction on the pending ledger, route the document then open it and double click on the Org Doc# field. This will open the Pending Ledger Entry Display window.

Pending Ledger entries cannot be viewed if the document has been fully approved.

You can also view Pending Ledger entries affecting only one of these accounts by choosing “Inquiries” from the menu bar and selecting “Balances.” From the Balances Report Menu select “Pending Ledger Entries.” Enter the account number you wish to view Pending Ledger entries for, enter your document number, and click the “Report” button. Again, Pending Ledger entries cannot be viewed if the document has been fully approved.

The preceding illustration reflects a credit to income with a corresponding debit to cash in account 1912610 on lines 1 and 2. Lines 3 and 4 reflect a debit to expense with a corresponding credit to cash for account 2311520.

Example 2: Reversal of Billing for Goods/Services

Situation	Procedure	Steps and Results
FMS wishes to reverse the UITS billing for the use of the FMS training facility in example 1. The previous document has been fully approved. (See “Error Correction” on page 11.)	Open the previous document that needs to be reversed. From the top menu bar select “Workflow” and then “Error Correction.” The system will generate a new document with accounting entries identical to the previous document, but negative dollar amounts. The previous document number is now automatically referenced in the Description field.	Account 1912610 reflects a credit of \$700.00 in income. Account 2311520 is debited to reflect \$700.00 of expense.

Internal Billing

Internal Billing
 Document #: 01-CD6795902 Status:P
 Initiator: D&DORSEY
 Created: 07/06/2001
 Amount: 700.00
 Description: Reversed entries to: Explanation: Reverse ch

Departmental-Information
 Org Doc#:

Income

COA	Account	Object	Amount
1 UA	1912610	1800	-700.00
<input type="checkbox"/> GENFND FMOP FMS ADMINISTRATION			OTHR INC N

Total: -700.00

Expense

COA	Account	Object	Amount
1 UA	2311520	1800	-700.00
<input type="checkbox"/> DOFDS VPIT STUDENT INFORMATION			OTHR INC N

Total: -700.00

Buttons: OK, CANCEL, ROUTE, BALANCE, NOTES, Sub.Acct, ITEMS

Results of the transaction are reflected in the pending ledger as follows:

Pending Ledger Entry Display

Origin Code: 01 Document Nbr: CD6795902

Seq #	Chart	Account	Obj	Bal Typ	Obj typ	Amount	DB/CR
1	UA	1912610	1800	AC	IN	700.00	D
2	UA	1912610	8000	AC	AS	700.00	C
3	UA	2311520	1800	AC	IN	700.00	C
4	UA	2311520	8000	AC	AS	700.00	D

The preceding illustration reflects a debit to income with a corresponding credit to cash in account 1912610 on lines 1 and 2. Lines 3 and 4 reflect a credit to expense with a corresponding debit to cash for account 2311520.

7. ROUTING/APPROVAL

- The Internal Billing routes to the account manager(s) or primary delegate(s) of the account(s) listed in the Expense Zone of the document. It does not route to any account manager(s) or primary delegate(s) for account(s) listed in the Income Zone.

8. GENERIC EXCEPTIONS TO CONSIDER

- Accounts with the associated fund group of LF (Loan Fund) are prohibited on this document.
- Accounts with the associated sub-fund group of PFRI (Retirement of Indebtedness) and PFIP (Investment in Plant) are prohibited in this document.
- Object codes associated with the object consolidation of FDBL (Fund Balance), ASST (Asset), and LIAB (Liability) are prohibited.
- Object codes associated with an object level of C&G (Contract and Grants Sponsored Programs) are prohibited.
- Use of object codes with the following object sub-types are prohibited on this document:

FR	Fringe Benefits
SF	Student Fees
ST	State Appropriations
MT	Mandatory Transfers
BU	Budget Only Object Codes
RE	Reserves
SW	Salaries and Wages
GI	Gifts
IV	Investments
CP	Construction in Process
WO	Write-off Expenses
TF	Transfer of Funds

An error message will be generated if any of the above exceptions are used in the Internal Billing document.

9. WHAT EFFECTS DOES ITS USE HAVE?

The account numbers recorded in the Income Zone are credited for the amount of the transaction, with the appropriate offsetting debits to cash. The accounts recorded in the Expense zone are debited for the amount of the transaction, with the appropriate offsetting credits to cash.

10. GENERIC PROBLEMS THAT MIGHT BE ENCOUNTERED

Care must be exercised when processing reversals such as the example given on page 7 to ensure that the original entries are being reversed properly. It is important to make sure that the appropriate account numbers, object codes, and amounts are recorded on the reversal document.

SECTION B: Additional Information

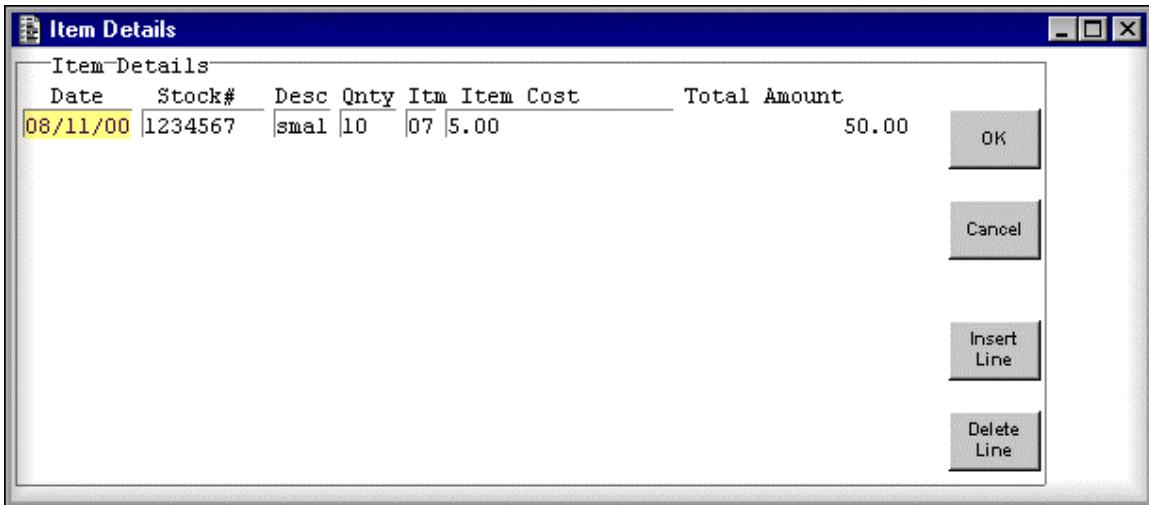
1. SPECIAL FEATURES

Clicking the “Items” button in the lower right corner of the document brings up the “Item Details” screen (see below), which allows the user to provide additional detail related to the transaction.



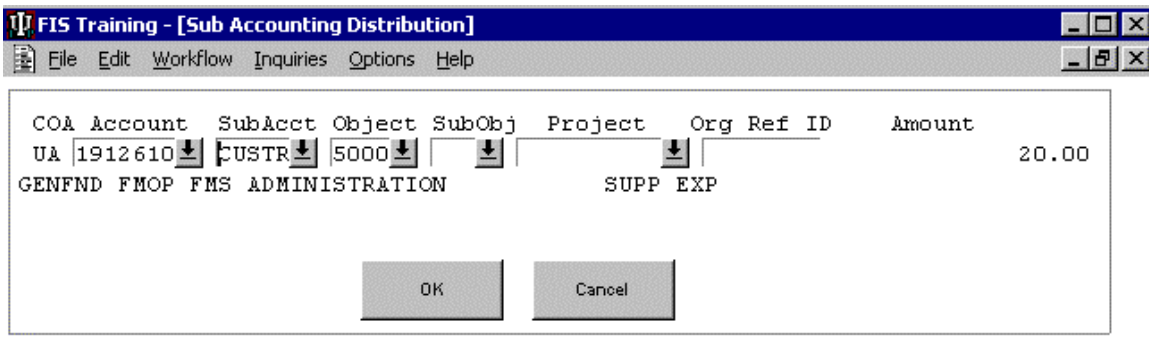
Stock numbers, individual descriptions of goods or services acquired, quantity of items, item numbers, and unit cost may be provided; however, use of the “Item Details” screen is optional. **This screen is for informational purposes and information entered here will not be carried back to the main document or in any way affect the General Ledger.**

Multiple lines for Item Details can be created using the “Insert Line” button. The description field is expandable; double-click on it to see the entire description.



Date	Stock#	Desc	Qty	Itm	Item	Cost	Total Amount
08/11/00	1234567	smal	10	07	5.00		50.00

2. SUB-ACCOUNTING



COA	Account	SubAcct	Object	SubObj	Project	Org	Ref	ID	Amount
UA	1912610	CUSTR	5000						20.00

As in most financial documents, the use of sub-accounting is permitted in this document using the sub-account button.



3. TEMPLATE FUNCTION

Internal Billing documents may be used as a template to create a new document. To template an existing Internal Billing, open the document and click “Workflow” on the menu bar and select the “Template” option. A new document will be created based on the selected document.

Note: The Template feature will only function if the document being templated was processed in the current fiscal year. Documents from previous fiscal years are not eligible for use as templates.

4. ERROR CORRECTION

If you wish to reverse all lines of a previously approved Internal Billing you may do so using the “Error Correction” function. To do so, open the document and click “Workflow” on the menu bar and select the “Error Correction” option. A new document will be created that will completely reverse the original document.

If you only wish to reverse certain lines of a previous Internal Billing, you should process another Internal Billing document recreating the lines you wish to reverse. Use the same account numbers and object codes, but enter your dollar amounts as negative numbers. Avoid using the Error Correction function and then deleting lines from the automatically generated document as the system will add a note to the original document indicating that it was fully reversed and this may lead to confusion.

Note: Error Correction will only function if the document being corrected was processed in the current fiscal year. Documents from previous fiscal years are not eligible for error correction.

SECTION C: Special Conditions

Restrictions

Options

The Internal Billing document is not used to record the sale of capital equipment between university departments.

The Transfer of Funds document is used to record the sale of capital equipment between university departments. Capital object codes (in the 70XX series) may be used in this case to record the expense appropriately to the account(s).

Always remember that when capital equipment sales occur between university departments, processing the Transfer of Funds document only satisfies the financial portion of the transaction. Other steps must be taken either to establish the asset(s) in the capital asset system, or move the asset to the appropriate inventory account. Contact your campus capital asset office to inquire about whether further action is required on your part.