INTRODUCTION

This document provides guidance on policies and procedures for the Billings Department. Patient and Student billings are not part of these policies and procedures.

Johns Hopkins Enterprise Billings Policies and Procedures are organized into the following sections:
- Organizational Responsibility
- SAP System Roles
- Procedures
- Policies
- Frequently Asked Questions (FAQ)
- Forms

These Policies and Procedures are effective January 1, 2007 in connection with implementation of the SAP system on that date.

ORGANIZATIONAL RESPONSIBILITY

Account Receivable Shared Service Center (ARSSC)
The Accounts Receivable Shared Service Center (ARSSC) provides a shared business environment for the Johns Hopkins University and Johns Hopkins Health System. It is committed to providing quality service in the billing and collection process of Sponsored, Non-Sponsored and Inter-Entity Transactions. Patient and Student Receivables are not included in the activities of the ARSSC.

JHU and JHHS Departments
Department Billing Specialists are responsible for creating and issuing invoices for both sponsored and non-sponsored activity for manual billings. The billings will be prepared in departments and sent to ARSSC for review and release.

Departments are also responsible for submitting non-sponsored customer master data for new customers to ARSSC. Billings cannot be prepared in SAP unless the master data for the customer has been set up.

SAP SYSTEM ROLES-Contact Information
Questions concerning Billing policies and procedures should be directed to:

Accounts Receivables Shares Service Center
Johns Hopkins at Eastern
1101 East 33rd Street
2nd Floor, Suite B212
Baltimore, MD  21218

Email: billings@jhu.edu
Phone:  443-997-2480
Fax Server:  443-997-5155
Fax (standard correspondence):  443-997-5155
Website:  http://ssc.jhmi.edu/accountsreceivable

BILLING ROLES

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<td>Department Billing Specialist – Sponsored and Non-Sponsored</td>
<td>Responsible for creating and issuing invoices for both sponsored and non-sponsored activity for manual billings.</td>
<td>Department</td>
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<tr>
<td>Customer Master Data Specialist</td>
<td>Responsible for creating, changing, deleting and maintaining the Customer Master Data.</td>
<td>Accounts Receivable Shared Service Center</td>
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<tr>
<td>Billings Accountant</td>
<td>Responsible for creating and issuing invoices for sponsored and non-sponsored activity.</td>
<td>Accounts Receivable Shared Service Center</td>
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<tr>
<td>AR - Display Documents</td>
<td>Responsible for viewing only the Accounts Receivable information for both sponsored and non-sponsored transactions.</td>
<td>Accounts Receivable Shared Service Center</td>
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Sponsored Billing Responsibilities
1. Letter of Credit Resource Related Billing
   • Funds drawn by ARSSC from sponsoring agencies
   • Procedures are based on a Letter of Credit agreement with that sponsor.
   • Billed by ARSSC.

2. Non-Letter of Credit Billings (other than Clinical Trials and Fixed Fee Awards)
   • Billings prepared by ARSSC.

3. Fixed Fee Awards
   • Prior to SAP Implementation, some of the billings were prepared by departments.
   • Two options for fixed fee awards:
     1. Award does not require an invoice – a billing plan is set up in SAP by Sponsored Projects Shared Services at the time of award setup. The billing and receivables are performed by ARSSC Billings Department, but no invoice is mailed to the sponsor.
     2. Award requires an invoice – scheduled amount is invoiced and mailed out by ARSSC Billings Department.

4. Clinical Trials
   • Prior to SAP Implementation, departments billed and collected their clinical trial invoices.
   • Departments with their own approved billing systems will be able to continue to prepare their invoices.
     o Invoices will be prepared in departments via FV70 and sent to ARSSC Billings Department for review and approval.
   • Documentation is maintained in the department, but certain documents are scanned or faxed to ARSSC Billings Department to enable reviewer to release and mail the invoice.

Non-Sponsored Billing Responsibilities

1. Billings to be prepared by ARSSC Billings Department
   • Inter-Governmental Personnel Agreement (IPA).
   • Billings prior to SAP implementation that were prepared in JHHS Controller’s Office (telephone, linen, parking, etc.)

2. All other non-sponsored billings will be prepared by departments and sent to ARSSC Billings Department via FV70 for review and approval.

3. Certain departments have their own approved billing system (Animal Services, Pathology, etc.)
   • Departments send lump sum information (not by customer) monthly to General Accounting in the Controller’s Office detailing amount billed and amount
collected. General Accounting prepares a journal voucher recording the transactions. The department is responsible for collecting the receivables.

OR

- Journal Voucher (JV) upload process will be used by departments for capturing detailed billings by customer. ARSSC Billings will collect these receivables.

BILLING PROCEDURES

Introduction

ARSSC Billings Department is responsible for creating and issuing invoices for both sponsored and non-sponsored activity.

Departmental billing accountants can initiate miscellaneous billings and clinical trial billings. These billings will be prepared in SAP and then electronically sent to ARSSC Billings Department for review and approval.

Most sponsored and non-sponsored billings should be centralized, with cash receipts going directly to university/health system bank accounts (lock box) rather than to the departments. If the department is responsible for sending an invoice, an open item must be created in SAP via FV70. (To view billing rule/pay method for sponsored grants go to GMGRANTD>Billing tab). ARSSC Billings Department will then review, approve, and mail the invoice to the sponsor or customer. ARSSC Receivables Department will monitor, follow up, and collect open receivables.

Revenue is recognized on the account when the open item is approved. Prior to SAP implementation, Johns Hopkins recognized revenue on grants at the time the expense was incurred. The difference in timing in SAP is due to utilizing a program that posts the amount of the unbilled revenue at the end of the month as an accrual. This accrual will reverse at the beginning of the following month.

For internal Johns Hopkins billings, cost allocations will replace invoices. The SAP software has a cost allocation tool that allows for the processing of inter-entity transactions. The cost allocation tool automatically creates a “due-to” and “due-from” entry in the general ledger. “Due-to” and “due-from” accounts will be reviewed and a transfer of cash between the health system and the university will occur on a periodic basis. Refer to: http://ssc.jhu.edu/accountsreceivable/inter_entity.html

The following billings will be prepared by Accounts Receivable Shared Services:

- Letter of Credit Awards (LOC)
• Sponsored billings (other than LOC) that are not for clinical trials
• Fixed fee awards that require an invoice
• Inter-Governmental Personnel Agreement (IPA) billings
• JHHS non-sponsored billings that prior to SAP implementation were prepared in the JHHS Controller’s Office (telephone, linen, parking, etc)

The following billings are not included in the activities of ARSSC Billings Department and are considered out of scope:

• Clinical billings and receivables
• Student billings and receivables
• Large billing systems that will be interfaced with SAP:
  1. SOM Continuing Medical Education
  2. JHH Keane
  3. Bayview Meditech
  4. JH Home Health Horizon
  5. JH Home Health CU / TIMS
  6. JHU Student Loans (ECSI)
  7. Bayview RAM
  8. JH Home Health HBS
  9. JH Home Health MBI
  10. JHHS Intrastaff

**Setting up the Customer Master Record**

A customer is defined as a business partner with whom a business relationship exists, involving the issue of goods or services. For example, if the ABC Company rents a room for a conference from Johns Hopkins, the ABC Company is the customer.

There are 2 types of customers at Johns Hopkins: Sponsored and Non-Sponsored.

A sponsor is an organization or other source that finances a project conducted by Johns Hopkins personnel. The sponsor may be a government agency, company, foundation, or individual interested in a study or interested in a particular area and is entitled to receive some consideration or benefits. The agreement from the sponsor represents a contractual obligation for performance of a specific activity by the Johns Hopkins Enterprise. A sponsored customer is identified by a six digit numerical sequence beginning with 3 (300000). Sponsored customers are set up by Sponsored Projects Shared Services when the department initiates the proposal and is linked to a grant.
A non-sponsored customer is an outside organization which is billed by Johns Hopkins Enterprise for goods, services or reimbursement of expenses that were provided to that third party by Johns Hopkins Enterprise. A non-sponsored customer is identified by a unique six digit numerical sequence beginning with 6 (6xxxxx). Non-sponsored customer set up is the responsibility of the ARSSC Billings Department.

If the billing address is different from the company address, a request must be submitted to ARSSC Billings Department to create a “bill to address” to ensure the invoice is mailed to the correct billing address. The bill to address is identified by a unique six digit numerical sequence beginning with 1(1xxxxx) and is added to the primary customer.

http://ssc.jhu.edu/accountsreceivable/forms.html

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**Setting Up New Non-Sponsored Customers:**

A customer master record controls how the business transactions for a particular customer are recorded and processed in SAP. A customer master record must be created for each customer doing business with Johns Hopkins. The record consists of a core source of information and default data for transactions such as payment terms for aging receivables and bank information for automatic clearing.

Several key fields are required to create a master record: customer information such as name and address, contact information such as the person to call or email if an open item has not been paid, and bank information such as bank routing number and bank account.

To request set up for a new Non-Sponsored Customer, click on the following link:

http://ssc.jhu.edu/accountsreceivable/forms.html

The customer master data maintenance specialist is located in ARSSC Billings Department and has the ability to edit a master record or mark a customer for deletion. This customer will still exist until it is archived. There are fields in the customer master record that cannot be changed once the customer is created such as the account number, the sales organization, division, or distribution channel. Fields that can be edited include title, name, street address and the company contact. The customer master data maintenance specialist is ultimately responsible for keeping the record up to date, which is crucial for the billing process to work successfully.

**Maintaining the Non-Sponsored Customer Master Data**

1. The department completes the new customer request form. An e-mail is automatically sent to the customer master maintenance specialist in ARSSC Billings Department.

http://ssc.jhu.edu/accountsreceivable/forms.html
2. The customer master data maintenance specialist will research the request. If the customer is a duplicate, the customer master data maintenance specialist will notify the department explaining the reason for rejecting the request and providing them with the correct customer number. If the customer does not exist, the customer master data maintenance specialist will proceed with creating the new customer.

3. Once the new customer is established, the sender of the request is notified via email of the new customer number.

Setting Up New Sponsored Customers

Sponsored customers are set up by Sponsored Shared Services as part of the grant proposal/award set up process.

Types of Billings

Resource Related Billing

Resource related billing is expense based invoicing to sponsors for work done according to a cost reimbursable agreement. The costs are summarized from the grant or contract by expense category and placed on an invoice form. There are two types of resource related billings: letter of credit and non-letter of credit.

Grants can be entered to process several resource related billing requests if more than one exists and the numbers fall into a range. For example, all grants under the letter of credit code DHHS can be executed at one time.

1. Letter Of Credit (LOC) - Billing Rule 1

A Letter of Credit is a specific form of resource related billing. Sponsored invoices are created by ARSSC Billings Department using the resource related billing tools. These invoices are used as a basis for drawing funds from a sponsor based on an existing letter of credit agreement with that sponsor. Under the terms of these agreements, which will vary between sponsors, Johns Hopkins will log in to the sponsors’ systems and request these payments. The payments are electronically transferred within 24 hours to Johns Hopkins bank accounts. Letter of Credit agreements at Johns Hopkins are unique to sponsored projects.

For the billing of customers for letters of credit, ARSSC Billings Department will execute transactions to summarize expenses in SAP and create a debit memo request, which takes the place of an invoice. This debit memo will be parked and released which will generate billed revenue.

An invoice is produced in SAP that summarizes all expenses by category and mailed to the sponsoring agency.

3. **Direct Pay Agreement – Billing Rule 5 & 6**

A direct pay agreement is one that states that the sponsor will pay Johns Hopkins a specified amount on a specified date. Sponsored Projects Shared Services creates a billing plan which is reflective of the agreement. ARSSC Billings Department runs the billing plan program each month which creates the open item in SAP. Unless stated in the agreement, an invoice need not be sent. Sponsored Projects Shared Services creates and maintains the billing schedule.

4. **Inter-Governmental Personnel Agreements (IPA)**

An Intergovernmental Personnel Agreement is a written record of the obligations and responsibilities of the parties to a temporary assignment arrangement under the IPA Act of 1970. This normally consists of salaries and benefits paid to a group of University employees working on a project for the U.S. Government. IPA’s are invoiced quarterly by ARSSC Billings Department.

5. **Manual Billing – Billing Rule 7**

A manual billing is created in SAP for a sponsored or non-sponsored customer when no other billing method is appropriate. Below are examples of a manual billing:

- Johns Hopkins is required to send only one invoice for an agreement
- The agreement is a direct pay and requires detail
- The agreement is cost reimbursable based on patient care
- To correct past billing errors.

6. **Scheduled Billing – Billing Rule 9**

A scheduled billing is when the sponsor has an agreement with Johns Hopkins to pay a specified amount on a specified schedule of dates. Sponsored Projects Shared Services creates a billing plan which is reflective of the agreement. ARSSC Billings Department runs the billing plan program each month which creates the open item in SAP. This differs from a direct pay in that an invoice must be sent to the sponsor.
Life Cycle of a Grant

1. The department receives the award documentation from the Office of Research Administration (ORA).
2. The award document should be reviewed by the department with careful attention to the invoicing requirements and the information should be work-flowed to Sponsored Projects.
3. Sponsored Projects will enter the award information into SAP and email the department upon completion.
4. The department should review the award in SAP to ensure it was set up correctly.
5. ARSSC Billings Department runs a Billings Due list each month and invoices for the following billing rules. A signed invoice is then sent to the sponsor.
   - RRB-Non Loc - 2
   - Manual- 7
   - Scheduled- 9

Note: The departments are responsible for invoicing the billing rule Manual – Dept. An open item must be created in SAP via FV70. It must approved by ARSSC Billings Department prior to the department sending the invoice to the sponsor. Documentation (a copy of the invoice or a report of expenses) must be attached to the FV70 or faxed to 443-997-5155 to meet approval requirements.

6. Customers send funds to JH Central Lock Box.
7. Cash Accounting applies revenue to open items in SAP.
8. ARSSC Receivables Department monitors the collection process of outstanding invoices.

Resource Related Billing Process

1. ARSSC Billings Department runs a Billings Due list each month.

2. The billing accountant is assigned a list of awards by responsible cost center. (we could insert a link for our contact list)

3. RRB Non-Loc invoicing may be automated through the SAP billing program.
   - The billing accountant will execute the billing program for grants on a monthly, quarterly, semi-annual, or annual basis according to the dates set forth in the agreement.
   - The grant will not be billed if the grant is overspent, expenses are $0 for the month, or expenses are negative for the month due to transfers.
After thorough review of expenses and revenue, the billing program is completed and the invoice is sent to the customer, along with any required backup.

4. RRB Non-Loc invoicing may be billed manually.
   - The billing accountant will execute a report in SAP to capture expenses on grants on a monthly, quarterly, semi-annual, or annual basis according to the dates set forth in the agreement.
   - After thorough review of expenses and revenue an invoice is created manually.
   - An open item is created in SAP via FB70
   - The invoice and any required backup is sent to the customer.

**Non-Sponsored Billing Process:**

1. The department contacts ARSSC Billings Department with request (insert link for contact list)

2. A copy of the award or IPA (Inter-Governmental Personnel Agreement) should be sent to ARSSC Billings Department via email billings@jhu.edu or fax 443-997-5155.

3. A billing accountant from ARSSC Billings Department runs a BW (Business Warehouse) report to capture expenses for a specific time period

4. The Billing Accountant enters the invoice into SAP

5. ARSSC Billings Department sends the invoice to the customer.

**Invoices Prepared by Departments:**

It has been determined that ARSSC Billings Department cannot accommodate invoicing due to unique billing requirements by the sponsor. An example of a billing coded as Department Manual would be a clinical trial.

1. A departmental billing specialist has a need to invoice a customer.

2. If the customer to be billed is not in SAP, the department should submit a new customer request form via email to the customer master maintenance specialist in ARSSC Billings Department.

   [http://ssc.jhu.edu/accountsreceivable/forms.html](http://ssc.jhu.edu/accountsreceivable/forms.html)

The customer master maintenance specialist will research the request. If the customer does exist in SAP, the customer master maintenance specialist will notify the
departmental billing specialist of the correct customer number. If the customer does not exist, the customer master maintenance specialist will create the new customer. Once the new customer is established, the department billing specialist is notified via email of the new customer number.

3. The departmental billing specialist enters the relevant billing information into a parked document via FV70 which is then routed to ARSSC Billings Department for review and approval. **Departmental contact information must be referenced on the Notes tab.**

4. Documentation that supports the invoice must be faxed, emailed, or attached to the parked document and sent to ARSSC Billings Department.

5. ARSSC Billings Department reviews the parked document for accuracy and completeness within two business days. **(Note: It is policy that all parked documents must be approved by ARSSC Billings Department before the department sends the invoice to the sponsor or customer.)**

6. If the parked document is not complete and accurate, ARSSC Billings Department will request further information from the department billing specialist to meet requirements for approval. If acknowledgement of request is not received with 2 business days the department will be notified again and the document will be deleted.

7. Upon review and approval, ARSSC Billings Department posts the parked document and sends the invoice to the customer unless otherwise specified. **(Note: If the department sends the invoice to the sponsor or customer it must be referenced in the Notes tab.)**

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**Credit Memos**

A Credit Memo is a posting that reduces the balance of receivables. It is created to refund a customer or sponsor for unused funds or for an over-payment.

Credit Memo requests are created by Sponsored Projects Shared Service Center for all sponsored grants.

Credit memo requests are created by the department for all non-sponsored customers.

**Customer Credit Memo Prepared by Department (Parked Document):**

**Note:** Please do not confuse this transaction with the Accounts Payable transaction FV60. The FV60 credits back an expense and the FV75 credits back revenue.
1. To refund a customer, the departmental billing specialist enters the relevant information into a credit memo via FV75. Departmental contact information must be referenced on the Notes tab.

2. ARSSC Billings Department reviews the parked credit memo within two business days.

3. If all information is accurate and complete, ARSSC Billings Department approves the credit memo which posts the financial information and a check is then mailed to the customer.

4. If the credit memo is not complete and accurate, ARSSC Billings Department will request further information from the department billing specialist to meet requirements for approval. If acknowledgement of request is not received within 2 business days the department will be notified again and the document will be deleted.

5. If the credit memo is rejected by ARSSC Billings Department, an email notification is sent to the originator along with an explanation for the rejection.
BILLING POLICIES

All billings other than clinical and student billings, which are out-of-scope, must be prepared in SAP. Exceptions must be approved by the Controller.

All inter-entity billings will be done in the SAP Controlling module. There will be no invoices printed or sent between internal entities.

SAP transactions allow multiple business areas (legal entities) to be included in a single document.

- Sponsored billing plans are created in SAP by Sponsored Project Shared Services.
- Non-Sponsored billing plans are created by the Master Data Specialist in ARSSC.
- Monthly invoicing should be completed within 30 days of the previous invoice.
- Quarterly invoicing should be completed within 90 days of the previous invoice.
- Activity for periods not invoiced on time will be included in the next invoice.
- Parked invoices will be approved and released by ARSSC Billings Department within 2 business days of notification otherwise the department will be notified via email.
- Department Manual Invoicing - all parked documents must be approved by ARSSC Billings Department before the department sends the invoice to the sponsor or customer.

The following billings will be prepared by Accounts Receivable Shared Services:

- Letter of Credit Awards (LOC)
- Sponsored billings (other than LOC) that are not for clinical trials
- Fixed fee awards that require an invoice
- Inter-Governmental Personnel Agreement (IPA) billings
- JHHS non-sponsored billings that prior to SAP implementation were prepared in the JHHS Controller’s Office (telephone, linen, parking, etc)

The following billings can be prepared by departmental billing specialists in SAP but must be routed to ARSSC Billings Department for review and approval.

- Clinical trial awards
- Non-sponsored billings other than IPA

Documentation and Record Retention Requirements
Documentation for departmentally prepared billings must be maintained in the department and retained for seven years from the date of submission of the final deliverables.

http://www.controller.jhu.edu/acct_recon/acct_reconciliation_guide/Chapter_2_Reconciliation_Guidelines.pdf