

University of Missouri System Accounting Policies and Procedures



Policy Number: APM-50.15

Policy Name: Vendor Net Credit Balances

General Policy Overview:

On occasion, the processing of payments and/or adjustments by vendors results in overpayments in the University's accounts with vendors. This policy establishes processes for the monitoring and collection of these amounts.

Definition of Key Terms:

Credit Memos: The return of goods, refunds, and/or overpayments results in a credit expense being recorded on the University books. The entering of these credit expenses is referred to as a credit memo.

Detail Policy:

The Controller's Office will send monthly reports to the Campus Accounting Office detailing vendor balances that are in credit status. The Campus Accounting Offices are responsible for reviewing the monthly vendor net credit reports and working with the applicable campus departments regarding the outstanding credit balances.

The Controller's Office prepares and mails "Net Credit Refund Letters" to the vendors on a quarterly basis and applies any refunds received to the vendor account. At year end the Controller's Office writes off credit balances that are older than 12 months with the exception of Student Auxiliary Services. If the credit balance is related to Student Auxiliary Services any balance older than 3 years requires a written explanation to prevent write off.

Responsibility:

Controller's Office:

- Prepare net credit refund letters quarterly.
- Process refunds when received.
- Annually, writes off vendor net credit balances based upon the criteria in this policy.

Campus Accounting Offices:

- Reviews monthly vendor credit balance report.
- Works with the departments and/or vendors regarding the outstanding credit balance.
- Annually identify Student Auxiliary Services net credit vendor balances for write off.

Effective Date: May 11, 2011

Revised Date: May 11, 2011

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.