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INVOICING

All income received against a cost centre within Stellenbosch University (SU) – excluding income against R cost centres in respect of courses – must be:

INVOICED

or

dealt with IN ACCORDANCE WITH SU'S CASH RECEIPTS POLICY

or

treated as a DONATION VIA THE STELLENBOSCH FOUNDATION.

For the full documents describing SU's Financial Policy, visit
<http://admin.sun.ac.za/admin/Finance/new/finpolicy.htm>.

For the policy on invoicing, visit
<http://admin.sun.ac.za/finance/finbeleid/eng/ISSUING%20OF%20OFFICIAL%20INVOICES.pdf>.

For the policy on cash receipts, visit
<http://admin.sun.ac.za/admin/Finance/new/finbeleid/eng/ISSUING%20OF%20OFFICIAL%20INVOICES.pdf>.

Issuing of invoices (also see the attached document “General Guidelines for Invoicing”):

Use the FDB030P program on the central computer system to create a new invoice. Press F10 to create a new document. Complete all the highlighted fields in full, i.e.:

- For attention:** Your contact person at the firm and/or order number if applicable.
- Debtor:** The debtor's code as confirmed with the Division: Debtors and/or determined by pressing F1 (the name of the firm, the VAT number and the address must be correct).
- Contract type:** See the various contract types by pressing F1.

Explanation regarding contract types:

For contract types 2 and 60, monthly interest is levied on invoices not paid within 30 days. Such interest is payable by the client concerned. For contract types 7 and 61, no interest is levied on the amount due.

NOTE:

Such interest levied has no relevance to the interest received on an interest-bearing cost centre or to VAT.

US contact person, department and telephone number:

Provide the details of the person whom the client can contact with any enquiries. Please insert the full contact number (format: 021 808 4534), since this invoice is an official document for an external client.

When you have completed all these fields fully and correctly, press Enter and confirm with F6.

This action takes you to the next page or screen.

Complete the highlighted fields on this page, too.

Cost centre, income account and project number (if a project number is involved and has been linked to the cost centre concerned):

The large highlighted field is intended for the invoice detail. Insert only text; please do not use any spacing, tables, etcetera – the on-screen format is not the same as that of the printed or e-mail copy of the invoice.

When you do have to break down amounts on an invoice, use the option for multiple lines on an invoice. For this option, follow the steps below:

1. Complete page 1 as usual.
2. Press Enter, then F6, and complete page 2 with the information and amount to appear in line 1 of the invoice.
3. Press Enter, then F6 (which takes you back to page 1).
4. Press F10, and insert the details and amount to appear in line 2.
5. Press Enter, then F6 (which takes you back to page 1).
6. Press F10 again, and insert the details and amount for line 3.
7. Repeat as many times as necessary.

This will ensure that amounts are indicated correctly, VAT and surcharge are calculated automatically per line and the total is correctly indicated automatically. This option allows you to invoice income on one invoice but against various cost centres and income accounts. VAT is also calculated correctly and only on VAT-bearing income accounts.

NOTE:

When various cost centres are used on the different lines of an invoice, all the cost centres concerned must be linked to the same environment unit (EU) for financial security reasons.

Should the above-mentioned breakdown still be inadequate, the invoice must refer to an appendix or breakdown, which will be sent to the client together with the invoice.

When a department issues an invoice and the user has received an invoice number as confirmation, the Division: Debtors e-mails the invoice automatically to the client (if the client has an e-mail address), otherwise it sends the client a hard copy via regular mail. The user automatically receives an electronic copy of each invoice issued. The

department has to forward such copy to the client's contact to ensure that the invoice is paid as soon as possible. When a department receives proof and/or notice of payment of an invoice, the department must always forward such proof or notice to the Division: Debtors.

When a foreign client is invoiced, the invoice amount must still be indicated in SA rand. The foreign currency amount may be included in the invoice, provided that it is accompanied by the exchange rate of the day as well as the date. The difference arising on payment can then be treated as exchange-rate profit or loss. The risk and responsibility, however, rest solely with the department; the cost centre concerned will be affected accordingly.

Application for debtor's codes:

The application form for debtor's codes is available from <http://admin.sun.ac.za/Admin/Finance/new/debit.htm>.

The Division: Debtors cannot provide or create any debtor's code without full and correct information. The above-mentioned form is for internal use and must be handled and managed accordingly. Please remember to enter the full contact details of the internal contact person in every instance (the form makes provision for this).



(Extracts from the training manual compiled by Financial and Management Systems)

DEBTORS

INTRODUCTION

A debtor is a person or organisation that owes the University money for services rendered or goods supplied.

SU's terms of payment are strictly 30 days (no agreements for payment to be made in instalments – for example, over six months – are allowed). Interest is levied after 60 days (if an invoice was issued as interest-bearing) in accordance with prevailing bank rates. The University will provide no rebate or discount for punctual payment.

Payments received are mostly taxable; therefore, quotations must always include VAT. The income account to be used for taxable income is account 5597 (sundry) or account 5413 (research).

MOVEMENT OF FUNDS

Debtors are synonymous with money paid into SU's bank account; in other words, income generated for the University and of course for the cost centre concerned. Where debtors are concerned, therefore, the type of accounts that are involved are almost always income accounts. Income accounts are listed as accounts in the series numbered 5000, while expense accounts are listed in the series 1000 to 4000. For example: taxable income falls under 5597, and stationery (an expense) falls under 1015.

There is, however, an important account that controls the entire process, from the creation of an invoice until actual receipt of payment, namely the debtor's control account (8312). It is only when this account shows "0" that the money is actually available in the income account, even though the funds are already reflected in the income account as soon as an invoice is created.

How is an invoice created?

REMEMBER: A credit (cr) entry must be made for every debit (dt) entry.

Step 1

When an invoice is created, the debtor's control account is debited and the income account is credited. At this stage, the cost centre account already reflects the money as having been received, although no payment has actually been made.

Simultaneously, seeing that this is taxable income, the VAT control account (8721) is credited with 14%. To sum up: the cost centre receives the amount excluding VAT,

the debtor's control account is debited with the full amount, and the VAT control account receives the 14%.

Example

Amount involved = R114

debtor's control 8312	income account 5597	VAT control 8721
Dt _____ Cr	Dt _____ Cr	Dt _____ Cr
114	100	14

Step 2

When the money is paid in, the movement of the funds is as follows:

1. SU's bank account is debited (actual payment is made).
2. The debtor's control account is credited.

This step results in the debtor's control account showing "0" (a debit and a credit cancel each other out) and the income account showing the actual funds available.

debtor's control account 8312	SU bank account
Dt _____ Cr	DT _____ Cr
114	114

Step 3

The VAT journal entry is done once a month by the responsible officer in the Division: Finance.

The VAT control account is debited with the necessary 14% and SU's bank account is credited when the money is paid over to the South African Revenue Service (SARS).

VAT control account 8721	SU bank account
Dt _____ Cr	Dt _____ Cr
14	14

Payment at the cashier's must always be made into the relevant debtor's account. The correct account numbers will then successfully be debited and credited automatically.

DEBTOR'S SYSTEM

Maintaining contracts

Program: FDB030P

This program basically consists of two parts, the first of which is for entering into an agreement (contract) and creating an accompanying invoice.

NB Always first use the FDB095P program to determine whether a debtor is creditworthy, otherwise you will be unable to issue a contract or invoice.

To determine a debtor's status:

Use the FDB095P program as follows:

Fill in the debtor's number (the SU number) and press Enter.

OR

Press Enter to see all debtors.

The status of creditworthy debtors is indicated as **active**, and that of uncreditworthy debtors as **inactive**.

If you want to invoice an inactive debtor, the system will stop you. You then have to lodge an enquiry with the Division: Debtors or check the statement for the reason why the debtor is indicated as inactive.

To make a statement enquiry:

Use the FDB120P program as follows:

1. Fill in the debtor's number and the statement number (press PF1 for help), then press Enter.
2. To see a summary of all the documents from which the age analysis has been compiled, position the marker on the amount and press F10.
3. An explanation, such as "handed over to attorneys", will appear next to the word "MESSAGE" in the top right-hand corner.

To load an invoice:

Use the FDB030P program as follows:

1. Press F10 to open a new contract.
2. Press Tab to skip to "FOR ATTENTION/ORDER NO." Complete this if you have the details.
3. Press Tab to skip to the debtor's number.

This field does have an F1 help function, but Debtors prefer these numbers to be obtained from and/or confirmed with them, whether it is for existing or new debtors. Such confirmation ensures that the correct client is invoiced with the correct address and VAT number, and prevents unnecessary cancellations and late payments.

The telephone number of the Division: Debtors is 021 808 4530/4534/4201.

4. Fill in the debtor's number.
5. Fill in the contract type: Type 2 = interest levied after 60 days
 Type 7 = no interest levied
In the case of a foreign debtor, use contract type 60 (with interest) or 61 (interest free).
6. Fill in the name of the SU contact person.
7. Fill in the name and telephone number of the department (the SU contact details) – the latter in the format 021 808 4530 – since an invoice is an official document issued to a client outside of the University.
8. Press Enter.
9. Confirm with F6.
10. Complete the cost centre-account-project combination (the project only if a project has been allocated).
The account is the **income** account number and therefore should be in the series between 5000 and 5999, for example 5597.
For foreign debtors, use only account 5598.
11. Complete the description in the highlighted field, for example:
Description: 1 x penalty (i.e., what it is for)
Rent for venue C3308, Admin Block A, for June 2002
12. Fill in the amount with VAT **included**.
If you need to have R100 against the cost centre, for example, the amount here must be R114.
The next step immediately separates the VAT portion for the VAT account; the cost centre amount will always be decreased by 14% in the case of taxable items (5597).
13. Press Enter.
14. Confirm with F6.
Although you have confirmed by now, you can still make changes at this stage if necessary. Just press Enter and F4, make the changes, and again press Enter and confirm with F6.
15. The last step:
Press F9. An invoice number is issued immediately.
After this step has been completed, no changes are possible.

16. Should you want to cancel an invoice, you have to send a written request to the Division: Debtors and wait for them to cancel the invoice before you can create a new invoice for the same person or organisation.

The invoice will be e-mailed or posted to the client automatically, and the department (the user who issued the invoice) will also receive a copy (in PDF format) via e-mail.

To check the status of the invoice:

Use the FDB050P program for maintaining invoices.

Users can use this program only to make enquiries. The invoice status may be displayed as follows:

1. **Created**
2. **Approved** (an invoice number has been issued)
3. **Posted** (to the ledger)
4. **Printed**
5. **Completed** (payment has been made)
If centre 5 has already been reached, the cost centre section in the FDB030P program will be filled in.

NB Payments must be made against the debtor's number for the specific invoice. This is to prevent payments from being made into incorrect accounts.

To access a report on the position of a debtor, either via a cost centre or via the debtor's number, use the FDB221B program (which shows documents per EU for a period).



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CREDIT NOTES (guidelines)

Once an invoice has been created, **ONLY** the following details can be changed without requesting a credit note:

1. The contact person at the company, the order number, or both
2. The name and telephone number of the contact person at SU
3. Detail description on the invoice (e.g., spelling errors and additional information)
4. An incorrect cost centre (the journal entry is done when the income is reflected)

The Division: Debtors effects the above-mentioned changes and then prints or e-mails the invoice, which will reflect the updated details.

The following changes require the issuing of a **CREDIT NOTE**:

1. An incorrect amount
2. An incorrect debtor (always first check the debtor's details with the Division: Debtors to avoid unnecessary credit note requests)
3. The cancellation of the programme, service rendered, etcetera
4. An incorrect income account, whether or not VAT is involved



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GENERAL GUIDELINES FOR INVOICING

The rules and regulations as set out in SU's Financial Policy apply to all financial activities and transactions conducted within the University environment, irrespective of the source of funding. Every person is obliged to ensure that she or he upholds these rules and regulations. Any person who fails to do so renders him- or herself liable to disciplinary action.

The primary objective of the Financial Policy is to ensure that all financial transactions comply with SU's requirements regarding internal control, financial liability and the management of financial risks, as well as with all legal and financial requirements imposed by South African law, SARS and any other institution that pays funds to the University.

All external work, research and consultation done and goods supplied by a department must be invoiced via the debtor's system. No invoices may be created by means of computer programs on letterheads of the University, a faculty, a centre or an institute.

No payment for the above-mentioned activities may, therefore, be done **directly against a cost centre**.

Payments that may be done directly against a cost centre must comply with the requirements of SU's policy on cash receipts, as contained in the Financial Policy. Such payments would include private telephone calls, private photocopies and the sale of single CDs and DVDs.

Income received on income account 5777 may, however, be paid directly against an R cost centre.

Please create an invoice on the central computer system before making a payment against the relevant cost centre. Official invoices are issued on the central system by means of the FDB030P program.

Improper or non-official invoices have serious implications, since it means that SU's VAT number and logo have been used illegally. The University is registered for VAT on an invoice basis; therefore, improper and non-official invoices result in VAT not being paid correctly and timeously to the SARS.

Please also take note that income from services rendered to external institutions must be paid into income account 5597 (sundry taxable income). Donations involving a Section 18A receipt must be handled in full by the Stellenbosch Foundation.

**For SU's full Financial Policy, visit
<http://admin.sun.ac.za/admin/Finance/new/finpolicy.htm>.**