

05.282 Accounting for Insurance Reimbursements

Office: Business Services
Procedure Contact: Director of Business Services
Related Policy or Policies: Noted within procedure statement

Revision History

Revision Number:	Change:	Date:
001	Update content and format	3-17-2017

A. Purpose

This procedure sets forth accounting standards for recording expenditure transactions that are to be reimbursed by SOU insurance providers.

SOU seeks to ensure that the policies and procedures related to purchasing and accounts payable are documented, communicated, clearly understood, and consistently applied.

B. Definitions

A/R – Accounts Receivable. Fund due to SOU at some future point in time.

Insurance Proceeds – Fund provided to SOU from an insurance provider, as a result of filing an insurance claim.

C. Procedures

05.282 Accounting for Insurance Reimbursements

Southern Oregon University

Activity Description:

Cost reimbursements to come from insurance settlements

Example:

Hailstorm creates damage to campus buildings.

Costs to be reimbursed by insurance, excluding cost of deductible. Deductible: \$5,000.

Action:

- (A) **Invoice:** SOU Facilities Department works with contractors to repair damage, and makes payments to the contractors, by having the Service Center issue an invoice (using an Account Code that best characterizes the the nature of the expenditure).
- (B) **Check:** Check is issued to the contractor/vendor.
- (C) **JV:** As payments are made to the contractors, any amounts that are to be reimbursed from the insurance provider will be recognized as "receivables", along with the offsetting recognition of the "revenue".
- (D) **Deposit:** Funds are received from the insurance provider, and deposited to Banner, to reduce the outstanding receivable.

OPERATING LEDGERS

Index: PPBLDG Fund: 001000 Account: 23502		Index: PPBLDG Fund: 001000 Account: 08005	
Expense: Building Maint & Repair		Expense: Misc Fees & Services	
Debit	Credit	Debit	Credit
(A) \$ 100,000			
(B)			
(C)			\$ 95,000
(D)			
\$ 100,000	\$ -	\$ -	\$ 95,000
(Increase)	(decrease)	(decrease)	(increase)

GENERAL LEDGERS

Index: PPBLDG Fund: 001000 Account: A3132		Index: PPBLDG Fund: 001000 Account: B0100		Index: PPBLDG Fund: 001000 Account: A0901	
A/R: Insurance Reimbursements		System Entry: Accounts Payable		System Entry: Cash	
Debit	Credit	Debit	Credit	Debit	Credit
(A)			\$ 100,000		
(B)		\$ 100,000			\$ 100,000
(C) \$ 95,000					
(D)	\$ 95,000			\$ 95,000	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
(Increase)	(decrease)	(decrease)	(increase)	(Increase)	(decrease)

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CONTACT INFORMATION

Direct questions about this policy to the following offices:

Subject	Contact
General questions from institutional personnel	Service Center
Service Center	Business Services - Controller's Division

This procedure may be revised at any time without notice. All revisions supersede prior procedures and are effective immediately upon approval.

D. Appendix

N/A