SedonaOffice Users Conference

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Accounts Receivable 101

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PERENNIAL SOFTWARE

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Accounts Receivable Overview

The Account Receivable module is probably the most frequently used module in SedonaOffice. It contains all the functionality necessary to operate the Accounts Receivable part of your business. The SedonaOffice Accounts Receivable employs the Open Item methodology; when payments are received from a customer they are applied to the customer invoices to reduce the customer accounts receivable balance.

This session is designed to communicate basic concepts and information pertaining to some of the most frequently used Accounts Receivable related options within the SedonaOffice application. The topics that will be covered in this document are:

- Cycle Invoicing
- Credits
- Payment Processing
- Managing Unapplied Payment Queues

Cycle Invoicing

Cycle Invoicing is the process of creating invoices for your customers who have active and billable recurring lines set up on their Site or System records. This process is performed from the Accounts Receivable menu selecting the Cycle Invoicing option. Cycle Invoicing is a five-step process:

- Generate a Cycle
- Review a report to make certain the data is accurate
- Post the Cycle / Create Invoices
- Apply any open Credits to the Cycle Invoices (optional)
- Print and/or Email Cycle Invoices

For Master Accounts where the recurring services are billed directly to the Master Account, the cycle invoicing process is initiated from the Master Account List within the Client Management module. For recurring lines on the Subaccounts of Master Accounts that bill directly to the Subaccount, these recurring lines are picked up in the cycle invoicing for Non-Master Accounts.

In summary, if your company uses regular customers and master accounts, each month you will run the cycle billing process twice – once for the regular customers and again for the master accounts.

Typically, cycle invoicing is performed once a month. When new recurring lines are added which will begin billing in the month where the cycle invoicing has already been completed, your company may run the cycle billing process at the end of each week or again at the end of the month to pick up the newly added recurring lines.

For companies using the Bill On Day method, cycle invoicing is typically performed for each unique Bill on Day 1 through 28 on each of these dates.

Notes

Generate a Cycle

Creating Batch

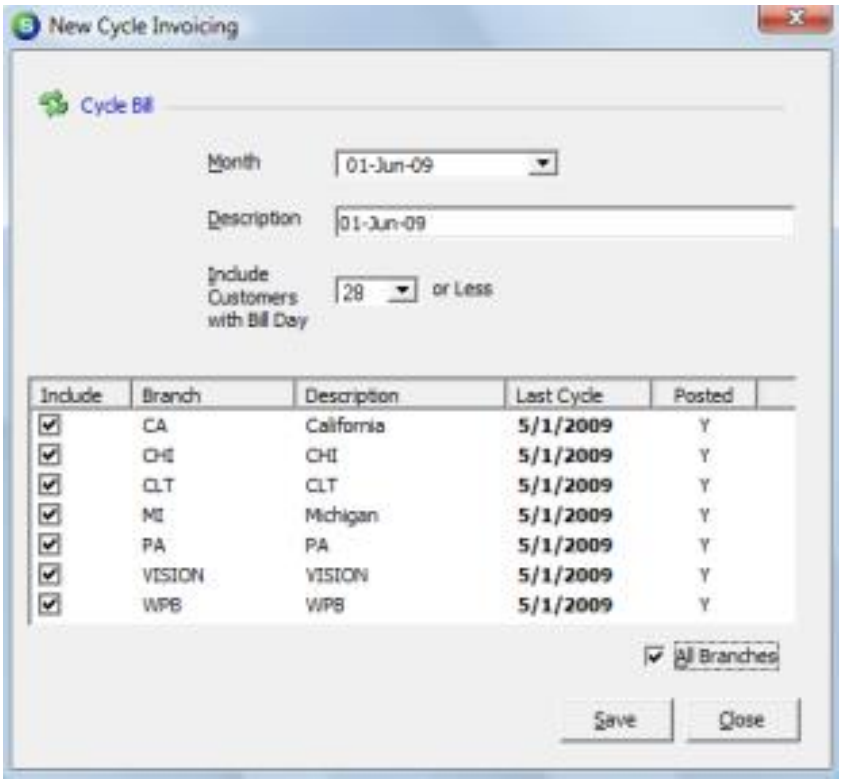
Cycle invoicing is initiated from either the Master Account Management Cycle Invoicing button for Master Account Customers, or through the Cycle Invoicing option within the Accounts Receivable module for Regular Customers. The New Cycle Invoicing form is slightly different for Master Account customers and Regular customers.

New-Batch Invoicing Data Entry Fields (Regular Customers):

- Month – This is a drop-down list from which the User must select which month/year is going to be cycled.
- Invoice Date – Date for Invoice, this determines which accounting period the invoices will be generated and is used for tax calculation
- Invoice Group Number – This will default to zero, which is the default invoice group number for recurrings, if you use more than zero as your invoice group number, you will have to perform different cycle invoicing batches for each invoice group number you utilize.
- Description – This will default to the Month for which being cycled. The User may change this description or leave the default description.
- Include Customers with Bill Day – If your company recurring lines setup is not billing from the beginning of each month, the User may select a particular bill day from the drop-down list. Only recurring lines with a bill day equal to or less than the value selected will be considered for the cycle. If the recurring lines setup is always to bill on the first of the month, then leave this value set to 28.
- Branch Selections – If your company has more than one branch, the User may select one or multiple branches by checking the box to the left of each branch to be included in the cycle batch.

Notes

Once all selections have been made, click the Save button located at the bottom of the New Cycle Invoicing form to begin the process. A message will be displayed asking if you are ready to begin the Cycle Invoicing process; click the Yes button to execute the cycle invoicing program.

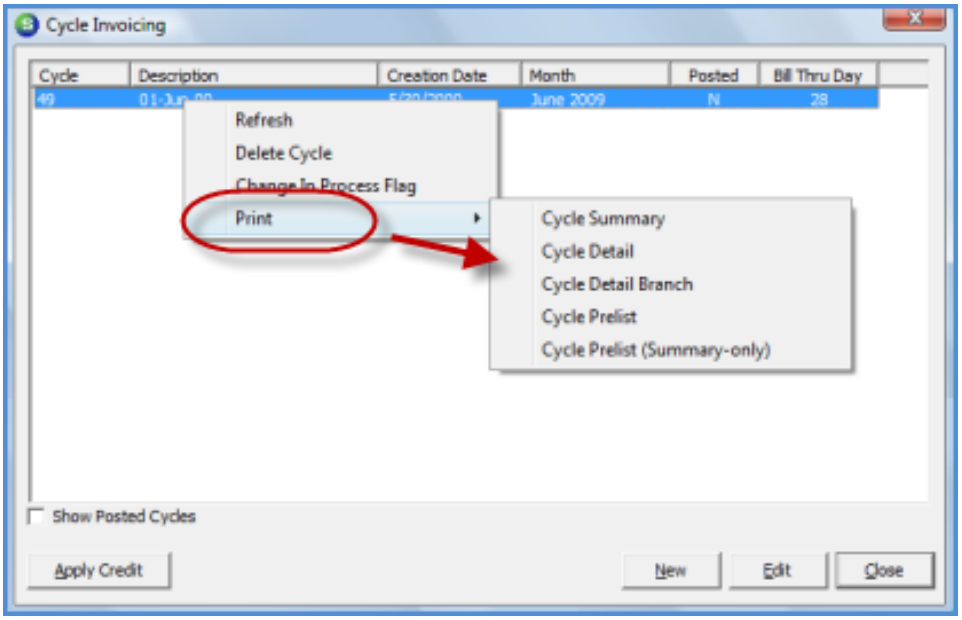


Notes

Review Report

Once the Cycle Invoicing Generation Process has completed, the Cycle Invoicing Batch List will be displayed. To print the results of the Cycle, highlight the Cycle, right-click then select Print; select one of the report options.

The Cycle Detail Report is commonly used since it provides you with detailed information for each customer's recurring and a total. If errors were found in the report, right click on the cycle and delete cycle, adjust the incorrect recurring on the customer and recreate the cycle.



Notes

Post the Cycle

Double-click on the Cycle from the Cycle Invoicing [Batch List]. The Cycle Invoicing Process [Posting] form will be displayed. Once all fields have been populated, click the Post button located at the bottom of the form to begin the posting process.

Cycle Invoicing Posting Data Entry Fields:

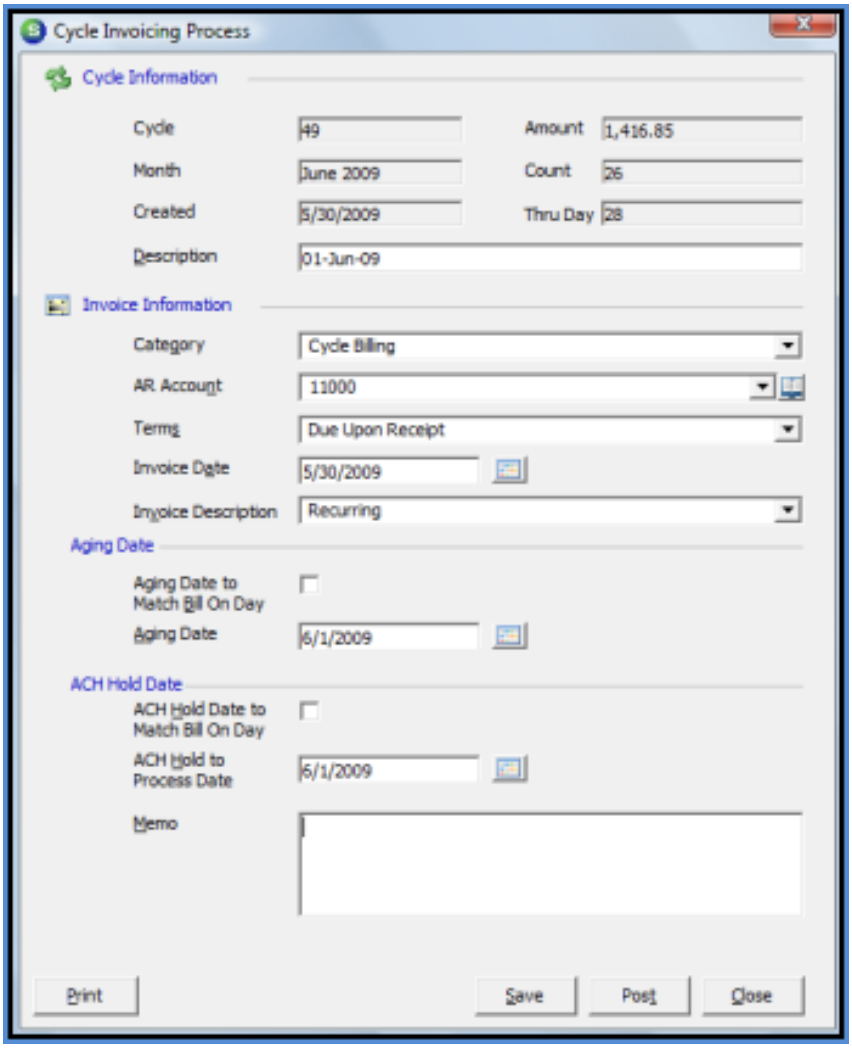
Cycle Information:

- Description – This is a description of the cycle batch, which is for reference purposes only and will default to the description selected when the batch was generated.

Invoice Information:

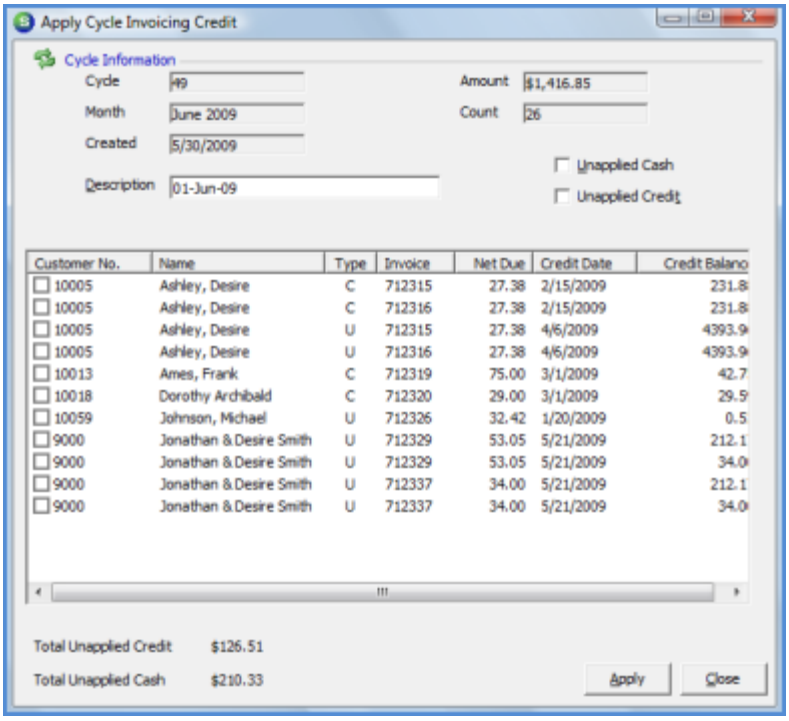
- Category – Make a selection from the drop-down list; typically Cycle Billing or Monitoring is the selection. The choices displayed are from the SedonaSetup Category setup table.
- A/R Account – This is the G/L posting account for the debit side of the transaction and will default to the Accounts Receivable G/L account number defined in SedonaSetup G/L Account Defaults for AR.
- Terms – You have the option to Use Customer Terms – the default terms on each customer or make a selection from the drop-down list. If you chose from the drop down list the terms code selected will be applied to all invoices in the cycle and determine when the invoices are due.
- Invoice Description – the Invoice Description for all invoices generated
- Aging Date – You have the ability to have the aging date to match the bill on date or select a different aging date. to Match Bill on Date
- ACH Hold Date - These fields are only needed if your company is processing automatic EFT or Credit Card payments for the cycle invoices.
- ACH Hold Date To Match Bill On Day – This is optional if you are using the Day of Service Start option as mentioned in Aging Date To Match Bill On Day above. If it is desired to hold the automatic payment to be processed until the Bill On Day for the recurring line, then select this box, otherwise, the hold date setup on the customer's EFT information will be used as the hold date.

- ACH Hold To Process Date – Type in or select a date by pressing the calendar icon to the right of this field. This is the date any automatic payments will be eligible for processing. This date cannot be prior to the date you are posting the cycle.
- Memo – Information entered into this field will be saved to the Memo field of all invoices in the cycle, and print on invoices if the printing format selected during invoice printing is designed to print the invoice memo field. If your company is using BFIS to print your invoices, this memo will be included in the print file.



Applying Any Open Credits (Optional)

The Apply Cycle Invoicing Credit form will be displayed to allow the User to select which unapplied amounts to apply to the cycle invoices, if any. If the User selects the Unapplied Cash and/or Unapplied Credit checkbox in the upper right of the form, all of the customers in the list with available unapplied cash and/or unapplied credit will be selected in the list. The User has the option to go through the list and select individual customers for which the available unapplied cash or credit will be applied to the cycle invoice. Once all selections have been made, press the Apply button located at the bottom of the form. If the User does not want to apply any of the unapplied amounts to any of the invoices, press the Close button located at the bottom of the form to finish the Cycle Invoice Posting process.



Notes

Print or Email Cycle Invoices

Proceed to either the Print Invoice Queue or the Batch Email Queue to print or email invoices to your customers.

Notes

Credits

SedonaOffice provides two basic methods of creating customer credits:

- Manual Credits
- Credits generated from a Credit Request

Manual Credits may be created for any type of invoice for any amount if a User has been granted security permissions to create Credit Memos.

Credit Request Credits require an approval process and Users are limited to a maximum amount for which a single credit may be generated/approved. This method requires some planning and setup to be able to use this process. If a company opts to use Credit Requests, all Credits must go through the approval process – manual credits are not available when activating this feature.

Notes

Manual Credits

Three possible options are available for creating Manual Customer Credits:

- Credit off and entire Invoice
- Credit off the balance of an Invoice (partially paid)
- Create a Manual Credit Memo

Credit Off Invoice / Create Credit From

To credit off an entire or partially paid customer invoice, when right-clicking on an open invoice from the customer explorer, there are two possible options displayed depending on the User's security permissions:

- Credit Off Invoice
- Create Credit From (invoice)

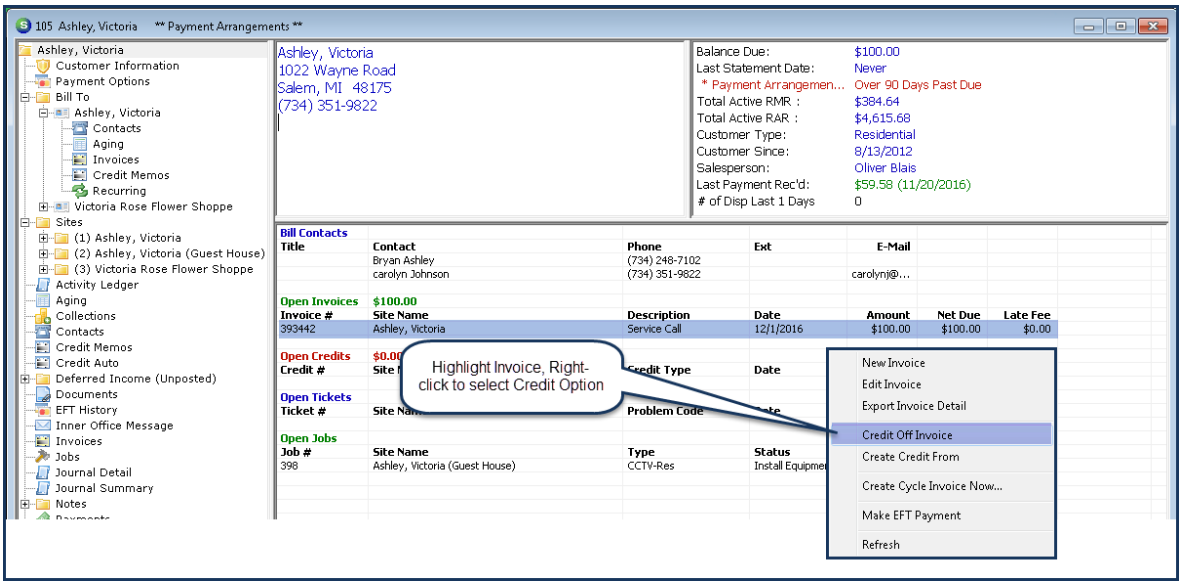
Depending on each company's policies and procedures, you may use either option for unpaid invoices, if the User has been granted the appropriate security permissions. For invoices that have been partially paid, only the Credit Off Invoice option is available to the User.

Notes

Credit Off Invoice

When a User selects this option, the software will create a Credit Memo using the original Invoice Items and/or Parts (from the invoice being credited), post the Credit Memo and apply the Credit Memo to the Invoice to pay off the entire invoice. If no payments have been applied to the invoice, this process is completed in just a few seconds.

If any payments or credits have previously been applied to the invoice, a form will be displayed for the User to enter the G/L Account and Category to be used for creating the credit memo. User permissions are required to credit off partially paid invoices.

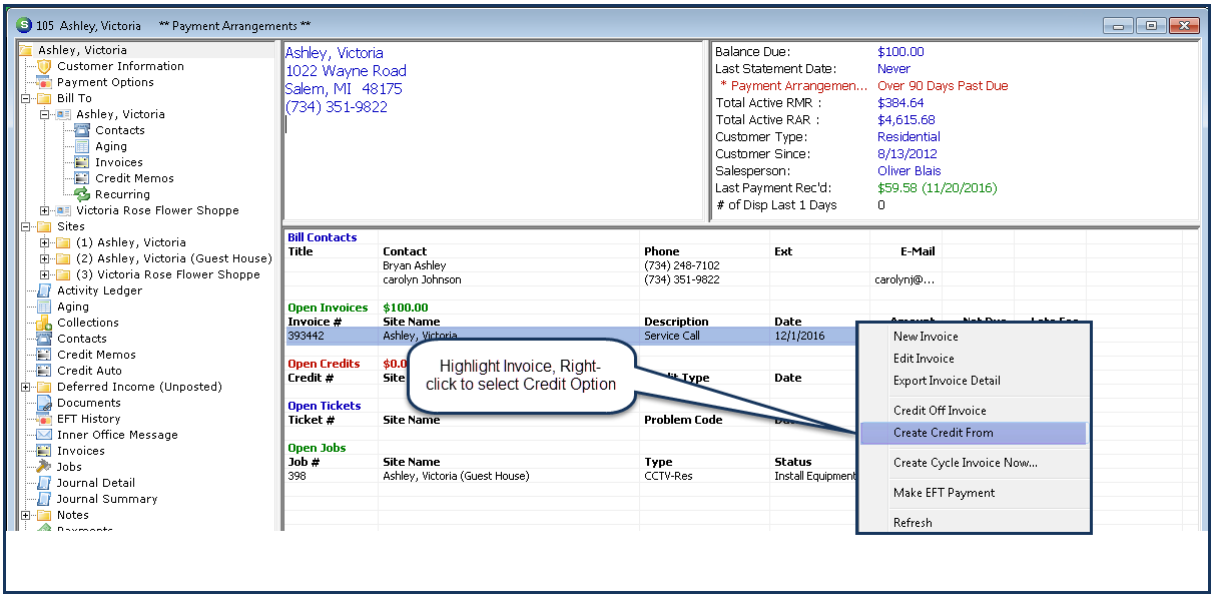


Notes

Create Credit From

When a User selects this option, the software will create a Credit Memo using the original Invoice Items and/or Parts (from the invoice being credited). Using this method, the Credit Memo will not automatically be posted and applied to the invoice.

The Credit Memo form is displayed on the screen for the User to review, enter notes, select a credit reason, etc. and then saved by the User to post to the general ledger. The User would have to manually apply the Credit Memo to the invoice as the final step to the process.



Notes

Manual Credit Memo

Manual Credit Memos are typically used when you want to provide the customer with a credit to be applied to future invoices or you want to credit off several invoices using the same invoice item(s).

Once a Credit Memo has been saved, the User has the option to:

- Apply the Credit Memo to any invoice(s) with an open balance.
- Leave the Credit Memo as an Unapplied Credit on the customer's account.
- Leave the Credit Memo as an Unapplied Credit on the customer's account and flag the Credit Memo to be applied to invoices created in the future (by invoice type).

Credit Memos may be created using Invoice Items and/or Inventory Parts; the User makes the selections on the Credit Memo form. If your company is using Inventory Tracking, if Inventory Parts are selected for a Credit Memo, once saved, the selected Parts will be returned to the inventory of the Warehouse selected on the Credit Memo form. If you want to provide the customer a credit for parts but not affect your warehouse inventory, you would need to select an Invoice Item rather than an inventory part number.

Notes

Credit Requests

The *Credit Requests* function allows your company to control the process of when and what amount a Credit Memo is generated to a customer account. When this feature is enabled, your company will develop a sign-off process so that a senior member of your staff may review requests for credits and then have the option of approving the request and generating the Credit Memo, declining the request or modifying the requested amount and generating the Credit Memo. This functionality provides greater control over the number and amount of Credit Memos granted by your employees. A sign-off process is required to use Credit Requests.

Once the Credit Requests functionality is activated, Users will not be able to manually create a Credit Memo or use the right-click credit functions (on the invoice), to credit off the balance of an invoice or create a credit from an invoice. All Credit Memos ***must*** go through the Credit Request process.

Notes

Credit Request Features

When using Credit Requests, several crediting options are available that are not available when using the Manual Credit Memo method.

Credit Request Options:

- Credit Template - The User creates a Credit Template selecting which Invoice Items and amounts are to be used for the Credit Memo. If SedonaOffice staff converted any customer invoices as a part of migrating to SedonaOffice from a legacy software, if any of the "converted invoices" need to be credited off, you must use the Credit Template (#1) method above.
- Credit for a specific Invoice - Select an invoice on the customer's account for which the Credit Memo will be generated.
- Credit for a specific Invoice and create an Invoice for another Customer - Select an invoice on the customer's account for which the Credit Memo will be generated *and* automatically create an invoice on another customer's account using the same Invoice Items that were used on the originating customer's Invoice being credited off. This feature would be used if the incorrect customer was invoiced.
- Sales Tax Correction - Credit off a specific invoice and create a new invoice using a different tax group.
- Job Invoice Credits - The process is almost identical to that of item number 2 above; the only difference is where the User begins the Credit Request. This method is used if a Job has not yet been closed. If the Job has been closed, use the Credit Template (#1) method.

Notes

Payment Processing

The Payment Processing menu option is used to create payment batches and apply payments to customer accounts, accrued late fees, job advance deposits, unapplied cash or a miscellaneous G/L account. Payments are processed in a batch; i.e. all payments in the batch are deposited to a bank account at one time. As payments are entered into the batch, the customer accounts receivable is immediately credited with the payment.

Processing a payment is a two-step process:

- entering the payments into the batch
- depositing the payments into a bank account

Creating a Regular Payment Batch

A customer payment batch consists of two elements:

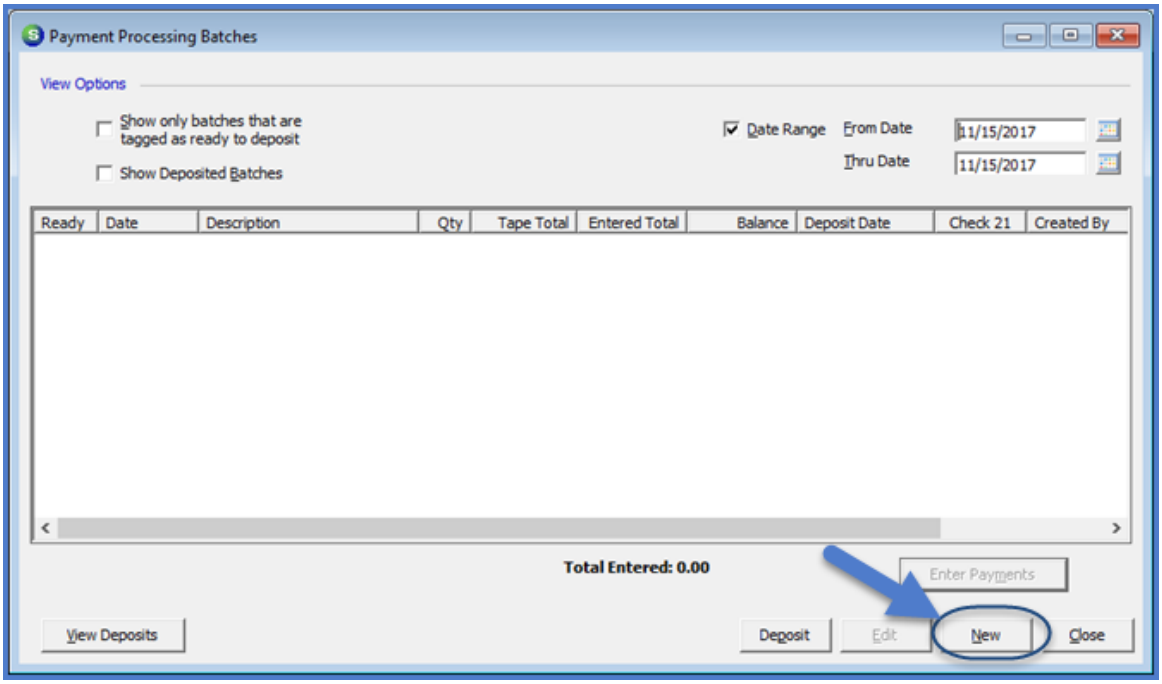
- the batch header which specifies the date, description and the tape total
- The individual payments for each customer. The User must first create the Batch Header before being able to enter the customer payments.

When creating a Payment Batch Header, the User has the option of entering a Tape Total amount. It is highly recommended that the User first total up all payments on a calculator prior to beginning the batch. As customer payments are entered by the User, the application keeps a running total of all the payments. If a data entry error is made when entering payments, the User will have a total to compare to if an actual tape total is entered when creating the batch.

If entering payments for Credit Cards or ACH transactions and your company is not using Forte for automated payment processing, separate payment batches should be created for Credit Cards, ACH and Checks. This will make the bank reconciliation process much easier at a later time.

Navigate to the Main Application Menu and select the Accounts Receivable / Payment Processing menu option.

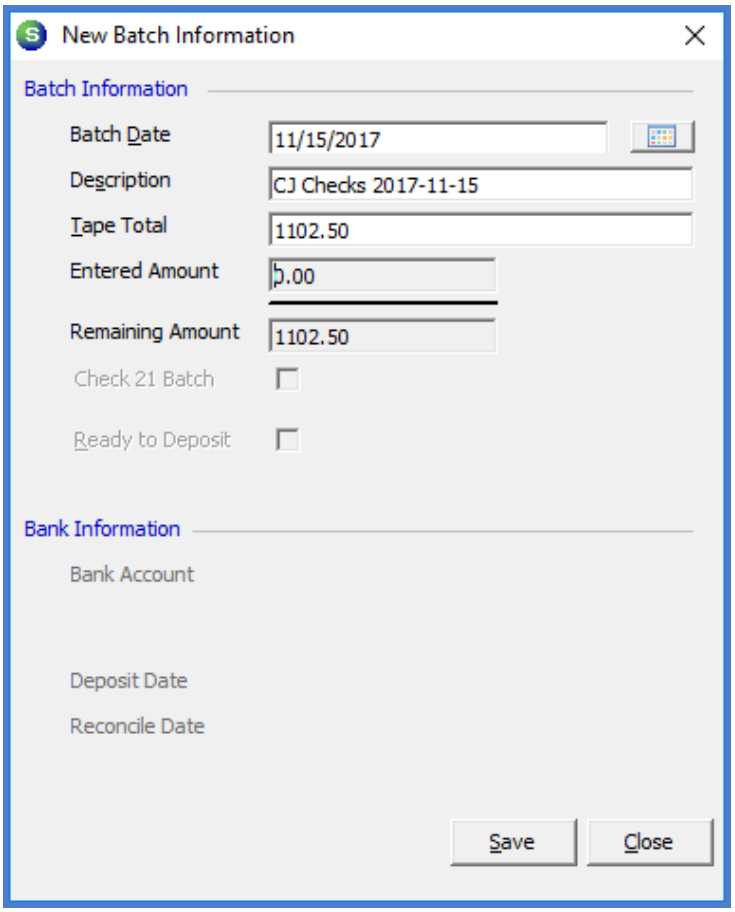
The *Payment Processing Batches* form will be displayed. Click the *New* button located at the lower right of the form to begin a new payment batch.



Notes

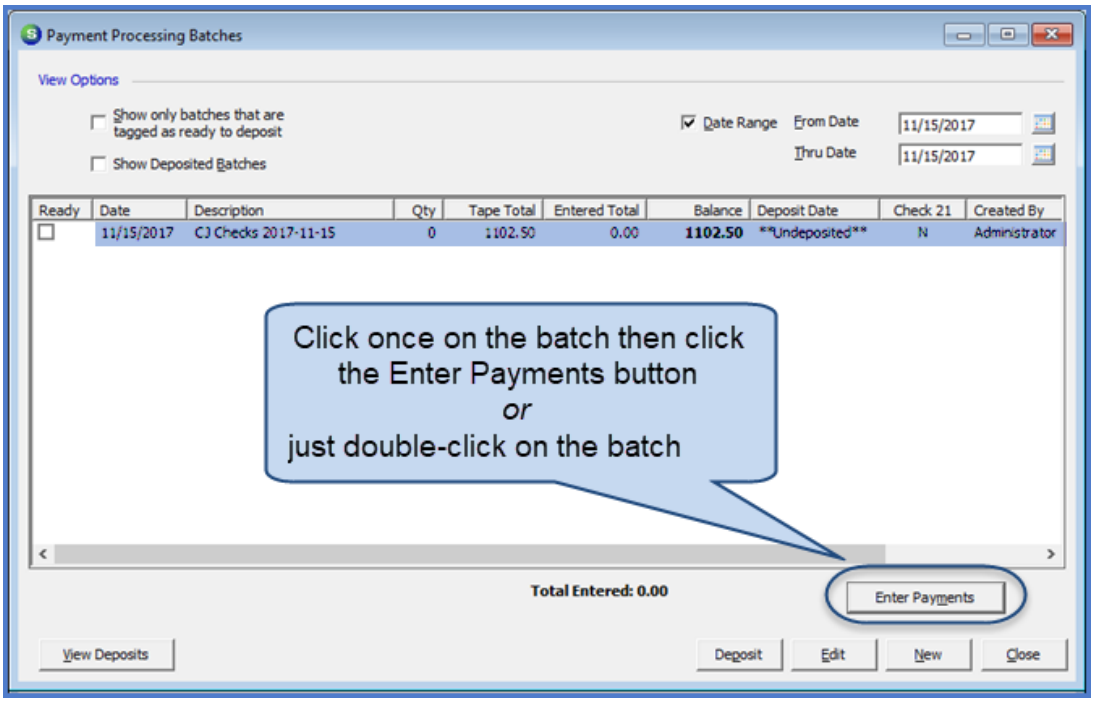
The *Batch Information* form will be displayed. The *Batch Date* will default to today's date, however may be changed if needed. Enter a *Description*, and the *Tape Total* (total amount of payments to be entered). Click the *Save* button when finished.
Note:

- The *Tape Total* is not required however entering this amount will help the User entering payments to catch data entry errors.
- If more than one person creates and enters payments, you may want to include the individual's initials as a part of the description.



Once the batch header has been saved, the *Payment Processing Batches* list will again be displayed; the new batch will appear in the batch list.

To begin entering customer payments, double-click on the batch or click once on the batch then click the *Enter Payments* button located at the lower right of the *Payment Processing Batches* form.



Notes

Payment Processing Form

Fill in the Payment Processing form for each customer payment included in the batch.

Customer Payment Data Entry Fields:

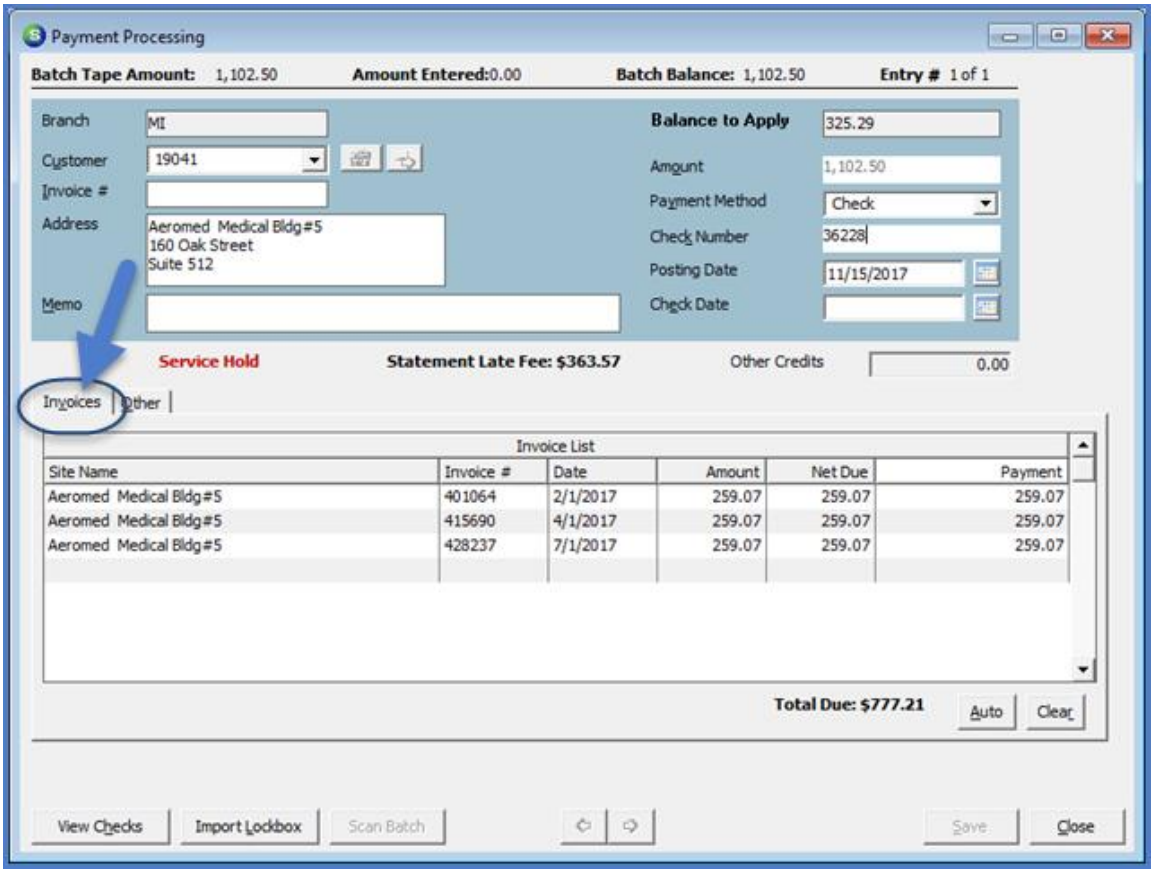
- Customer – Type in the customer number or the customer name in this field or click the binoculars icon to the right of this field to lookup the customer number. The customer address will automatically fill in once the customer is entered into this field.
- Invoice # – If the customer has written their invoice number on the check, typing that number into this field will automatically fill in the customer name and address information.
- Memo – This is an optional field where the User may enter up to 50 characters of text. Information entered into this field may later be viewed from the payment history within the Customer Explorer record. An example would be to reference another customer where a check applies to more than one customer.
- Amount – Enter the amount of the check.
- Payment Method – This field will automatically default to Check. A different payment method may be selected from the drop-down list.
- Check Number – Enter the customer's check number.
- Posting Date – This field will default to today's date, but may be overridden.
- Check Date – This is an optional field for entering the check date (the date written on the customer's check).

Notes

Applying Payments to Invoices

Once a customer number has been selected, the list of all invoices with an open balance will be displayed. In the *Payment* column of the Invoice List the User will type in the amount to apply to the invoice *or* click the *Auto* button located at the lower right of the form. Clicking the *Auto* button will try to match the total payment amount to an exact invoice balance otherwise the application will apply the payment to the lowest invoice number until all of the payment is distributed.

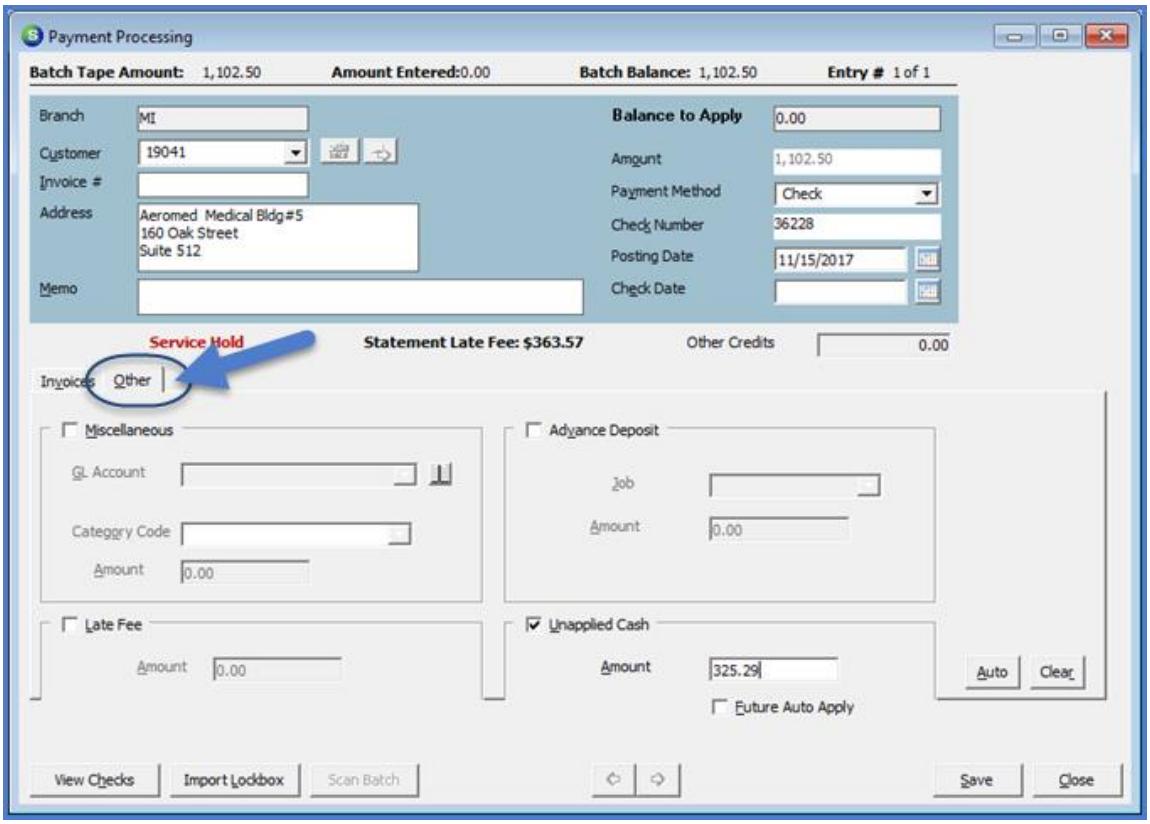
Navigate to the "Other" tab to apply payments to Advance Deposit for a job, Late Fees, Unapplied Cash or Miscellaneous G/L Account.



Notes

Applying Payments – Other Options

Navigate to the “Other” tab to apply payments to Advance Deposit for a job, Late Fees, Unapplied Cash or Miscellaneous G/L Account.

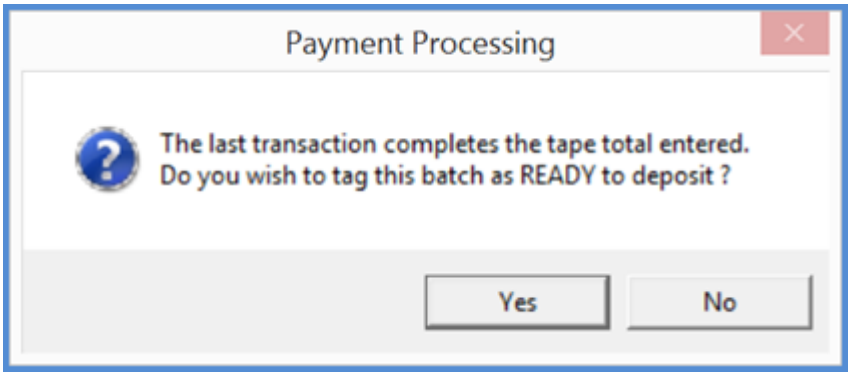


Notes

Payment Processing Other Tab Terminology:

- Unapplied Cash – A payment that will remain on the Customer's account as an unapplied item and will manually be applied later. Typically used when a customer overpays an invoice or sends in a payment prior to an invoice being generated.
- Advance Deposit - A payment received for an install to be performed. There must be a Job available on the customer's account to be able to select this option.
- Late Fee - If Late Fees have been assessed on a customer's account, the payment may be applied to all or a portion of the total late fee.
- Miscellaneous G/L Account - User selects the G/L Account to which the payment will be applied, no invoice will be generated. An example when to use this is when you receive a payment to a canceled account where the Invoices were previously written off.

Once all payments have been entered and the total of the payments entered matches or is greater than the *Tape Total* entered for the payment batch, the User will be presented with the message displayed below. If the payment batch is in balance, click the *Yes* button on the Payment Processing message.



Deposit a Payment Batch

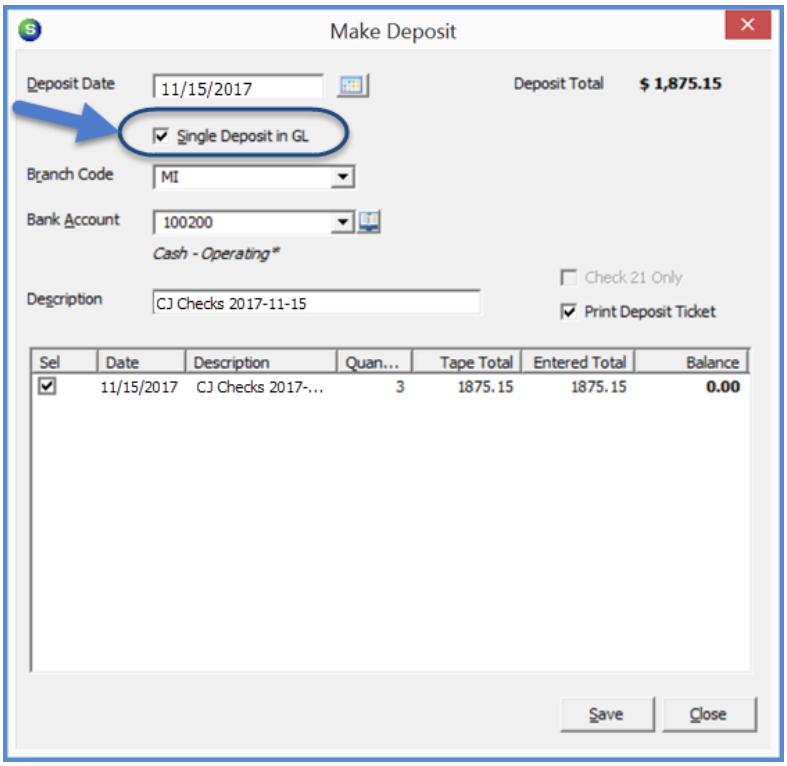
Once all payments have been entered, the batch may be deposited into a bank account. From the Payment Processing Batches List, check off *Ready* next to the batch you want to deposit, and then the *Deposit* button.

Make Deposit Form Data Entry Fields:

- Deposit Date - Today's date will default into this field. To make the bank reconciliation process easier, this should be the date the funds were actually deposited into the bank account.
- Single Deposit in GL – Select this option if it is desired for one debit entry to post to the GL for the bank account as oppose to having a debit entry to the G/L for each branch found in the payment batch.
- Branch – If the previous option, *Single Deposit in GL* was selected, the User must select from the drop-down list, which branch to use for posting the cash batch. If the previous option was not selected this field will be grayed-out.
- Bank Account – From the drop-down list, selected which bank account will be used to deposit the payment batch.
- Description – The User may enter up to 50 characters of text to describe the payment batch.
- Print Deposit Ticket – By default, this option is selected. If the User does not want to print the deposit ticket report after the *Save* button has been clicked, un-check this option.

Notes

Once selections have been made in the header area of the Make Deposit form, check the box to the left of all the payment batches to be included in this deposit. Click the *Save* button located at the lower right of the form to post the deposit to the GL and print the deposit ticket.



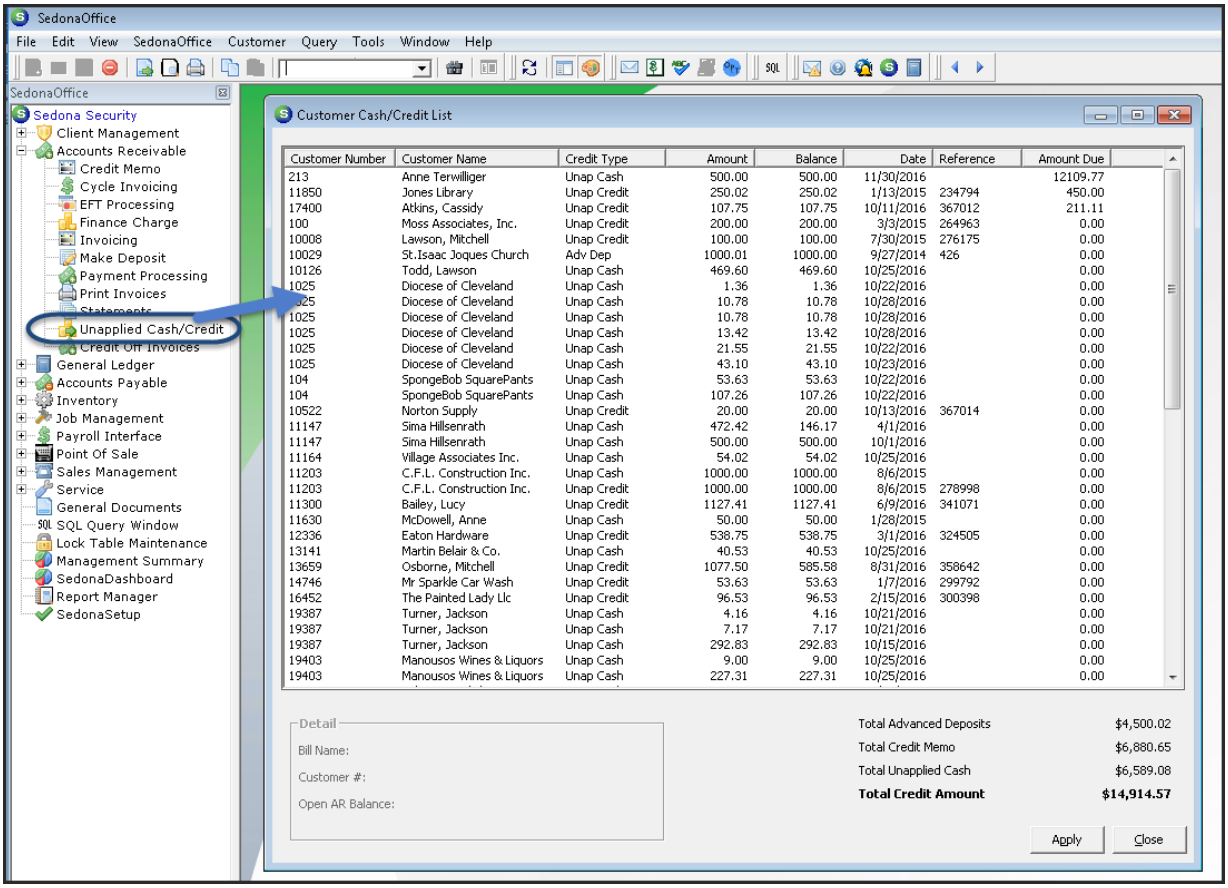
Notes

Managing Unapplied Items

Within the Accounts Receivable menu is an option which displays a listing of all unapplied items associated with your customer accounts. Any of the items displayed in the list may be manually applied to your customer's open invoices directly from this list. Each unapplied item is listed with one of the following credit types:

- Unap Cash (Unapplied Cash)
- Unap Credit (Unapplied Credit Memo)
- Adv Dep (Advance Deposit)

It is important to apply unapplied items to your customer invoices on a timely basis especially if your company is generating bulk customer statements each month. When statements are generated, a customer may be assessed a late fee when it may not be appropriate to do so. For example, a customer has an unapplied credit for $100.00 and an open invoice for $100.00 that will be considered past due at the time of Statement generation. A late fee would be assessed on the past due invoice regardless of the fact a credit exists on the account that could have been applied to the invoice.



Notes