Accounts Receivable
Overpayment Refund
Process Document

08/08/2017
Overview

Background

- The previous release (KFS 4.1) provided the ability to process an overpayment refund on the Application (APP) document by selecting Refund in the “Non-AR” section.

From KFS 4.1:

- This would enable the AR Processor to generate a Disbursement Voucher (DV) eDoc from the APP eDoc. After the APP and Cash Control (CTRL) eDoc are finalized, the DV would then just need to be submitted and approved.
- In the current release (KFS6), these options are not available. These procedures have been established to process an overpayment refund.

Getting Started

- If you need to process an overpayment refund, you will need to do these three steps:
  1. When you are processing the payment on the generated APP eDoc, we recommend posting the overpayment to the original account on the Invoice (INV) and object code 9230 (Deposits Payable) in the “Non-AR” tab. This will hold the overpayment, so the overpayment can be refunded.
  2. Check KFS for a Vendor that matches the Customer on the INV. Create a Refund Vendor (if necessary), so the refund can be processed.
  3. Create a Disbursement Voucher (DV) to the Refund Vendor (Customer) for refund of the overpayment using the account and object code that was specified on the “Non-AR” tab of the APP eDoc.

- Note: These procedures highlight key data values and/or steps for this process. Refer to the Process Documents in the References section for general instructions on processing customer invoices and payments and disbursement vouchers.
Step 1: Post the overpayment in the “Non-AR” tab

Navigation: Main Menu tab → Transactions → Accounts Receivable → Payment Application

- To access the generated APP eDoc, click on the link in the “Cash Control Details” tab on the CTRL eDoc or do a Document Search.

- Process the overpayment on the generated APP eDoc. We recommend posting the overpayment to the original account on the INV and object code 9230 in the “Non-AR” tab.
Summary of Applied Funds tab

Apply to Invoice Detail tab

- Select the invoice to apply the payment to be applied to. Enter the amount of the payment or select “Apply Full Amount,” if applicable, then select “apply.”

Non-AR tab

- Enter the original chart and account number on the INV, object code 9230, and the amount of the overpayment, then select “apply.”
- After completing the APP, select submit.
- The CTRL should then be submitted, GLPE generated, and finalized.
Step 2: Create a Refund Vendor

Navigation: Main Menu tab → Lookup and Maintenance → Vendor → Vendor

- Verify if the Customer is also in the Vendor listing by doing a Vendor search and matching the name and address.
- If there are no matches, create a Refund Vendor. From the Vendor Lookup, select the “create new” button in the upper right hand corner.

The Vendor (PVEN) eDoc is generated.
• In the Explanation field, enter a brief description of why you are creating this Refund Vendor.
• Attach some form of documentation with the Customer’s full name and current address in the Notes and Attachments. (i.e., The original invoice with sensitive information redacted).
• Information can be copied and pasted from the Customer profile.
• The PVEN is then routed to KFS-VND Reviewer DV for review and approval.
• When the PVEN eDoc is approved, an FYI is sent to the initiator. Then the DV can be created to refund the overpayment.
Step 3: Create a Disbursement Voucher (DV) to the Refund Vendor (Customer)

Navigation: Main Menu tab → Transactions → Financial Processing

- Create a DV to the Refund Vendor (Customer) for refund of the overpayment. Open a DV eDoc.
- In the Explanation field, enter a brief description of why you are creating this refund DV.

**Payment Information tab**

- Use Payment Reason Code “X”.
- After selecting the Vendor (Customer), enter the Check Amount, and verify the Payment Method and Document Location Code. Enter a Check Stub Text.
Use the account and object code (9230) that you used in the “Non-AR” tab of the APP.

Enter Amount, Line Description, Invoice Number, and Invoice Date.

For accounting purpose, enter the date when the payment was received in the Goods/Services Rec'd Date and Invoice Rec'd Date, and select “add.” Note: When the AR payment was received, we incurred the liability to pay back the over-payment.

Attach supporting documentation and add the APP document number as a note.

Click on the 'save' button.

Click on the 'submit' button.

DV will route for approval and payment will be made to the Vendor (Customer) when the DV is fully approved.

Reference

For more information regarding the University’s procedure for processing Accounts Receivable documents, please refer to the following Process Documents on the FMO website in the Financial Systems | Policies and Guidelines |, Accounts Receivable section:

Processing an AR Payment:

Processing a Vendor Maintenance:
http://www.fmo.hawaii.edu/financial_systems/docs/Vendor_Maintenance_v1_0.pdf

Processing a Disbursement Voucher: