Accounts Receivable Payment Error Correction - Wrong Invoice

Process Document

05/04/2017
Overview

Background

- The previous release (KFS 4.1), to correct an applied payment, on the Application (APP) document, there was an “error correction” button; and on the Cash Control (CTRL) document, there was a “correction” button.

From KFS 4.1:

- This would enable the AR Processor to reverse the payment to the wrong Invoice (INV), reinstating the wrong INV and then allowing the application of the payment to the correct INV.
- In the current release (KFS6), these options are not available. These procedures have been established to process payment corrections.

Getting Started

- If you post a payment to a wrong INV, in order to correct this, you will need to do these two steps:
  1. Create a Customer Credit Memo (CRM) to the correct INV (INV#1). This will “apply” the payment to the correct INV.
  2. Create (copy) new INV for wrong INV (INV#2) that the payment was applied to. This will reinstate the wrong INV (i.e., reverse the payment to the wrong INV). It is easier to copy the INV since the data items will carry over and there will be less data to enter.
  3. If you applied the payment to an INV with a different account or object code, you will also need to process a General Error Correction (GEC) to move the cash from the account on the wrong INV to the right INV account.
- Be sure to have the INV eDoc numbers for both INVs as well as the eDoc number for the CTRL and APP to facilitate processing of the correction documents.
- Note: These procedures highlight key data values and/or steps for this type of correction. Refer to the Process Documents in the References section for general instructions on processing customer invoices, payments and credit memos.
Step 1: Create a Customer Credit Memo

Navigation: Main Menu tab → Transactions → Accounts Receivable → Customer Credit Memo

The system returns Customer Credit Memo Initiation.

- Enter in the correct INV (INV#1) eDoc Number and click on the 'continue' button.

The Customer Credit Memo eDoc is generated.

- Enter in the Explanation field, a brief description of why you are creating this CRM.

General tab.

- The information will be pulled from the INV when CRM eDoc loads.

Items tab.

- The INV Items information will be pulled from the INV when the CRM eDoc loads.
- Enter the Amount to be reversed (i.e., the payment amount that was posted to the incorrect INV).
- In the Notes and Attachments, attach supporting documentation and add the APP document number as a note.
• Click the 'recalculate' button.
• Submit the CRM.
• The CRM is for “Internal Use Only.” You can print a copy for your files, but nothing needs to be sent to the Customer.
Step 2: Create (copy) a Customer Invoice

Navigation: Main Menu tab → doc search

The system returns Document Search.

- Enter in the INV (INV#2) eDoc number that the payment was applied to in error and click on the 'search' button.
- Open the INV document from the returned search results. At the bottom of the INV, select the ‘copy’ button to generate a new INV. This new INV will be used to reinstate the INV which the payment was incorrectly applied.

The Customer Invoice eDoc is generated.

- Note: The new INV eDoc number indicated in the red box and the number of the “Copied from Document Id,” in the blue box, is the original INV that had the misapplied payment.

Document Overview tab.

- Enter a brief description of why you are creating this new INV in the Explanation field.

Organization tab.

- Information should be the same as original INV. Confirm or correct the information as needed.
• Most of the General and Billing/Shipping tabs should be the same, please confirm or correct as needed. If there were any updates to the Customer profile, the new INV will reflect these changes.

• Note: The Billing and Due Dates will reflect the current date. We recommend adding a note to reference the original INV’s eDoc number, Billing Date, and Due Date.

• We recommend entering “For Internal Use Only, to correct INV #xxxxxxxx, misapplied payment” in the Header Text to clearly identify the new INV with the original INV.

Accounting Lines tab.

• Information should be the same as original INV, confirm or correct as needed. Enter the amount of the incorrectly applied payment.

• In the Notes and Attachments, attach supporting documentation and add the APP document number as a note.

• You will need to update the amount on the invoice for the incorrectly applied payment.

• The new INV (copied) is for “Internal Use Only.” You can print a copy for your files, but nothing needs to be sent to the Customer.

• Go back to the original INV and make a note referencing the newly created INV. You may also want to attach a copy of the new INV to the original INV.

• We suggest that you confirm the INVs to make sure they reflect the correct net outstanding or open balances for both INVs. The “Open Balance” is shown on the top right corner of the INV or the “Unpaid/Unapplied Amount” is shown in the Customer History Report. You can also confirm the GL entries in the General Ledger Entry Inquiry.

• Note: Subsequent payment(s) may need to be applied to both INVs.

• If you applied the payment to an INV with a different account or object code, you will also need to process a General Error Correction (GEC) to move the cash from the account on the wrong INV to the right INV account.
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 Customer Credit Memo:

Maintaining Customer Invoices:

Recording Debit Entries and Processing Adjustment to Advance Deposit(AD) and Credit Card Receipt(CCR) eDocs:
http://www.fmo.hawaii.edu/cash_handling/docs/Processing_changes_AD_and_CCR_documents.pdf