**Introduction**

The Accounts Receivable documents are used to invoice external customers for goods and services. The Kuali Financial System (KFS) is used to track outstanding customer balances and payments and general ledger entries are created.

**Billing Organizations** are the departments/accounts within the university generating charges and creating invoices. **Processing Organizations** are the centralized units which process the lockbox payments and are responsible for applying payments. Each Billing Organization is linked to one Processing Organization.

Billing Organizations create, print and mail invoices to customers. The invoice directs the customer to mail their payment to a lockbox. The lockbox payments are processed by the Processing Organization thus relieving the departments of any payment handling.

Central Accounts Receivable on the Bloomington Campus is responsible for approving new customers and new customer addresses. This allows for an additional review to make sure there are no duplicate customers and/or addresses created in the customer table.

Processing Organizations are responsible for setting up departments to use the Accounts Receivable documents. Once a department is set up to use Accounts Receivable, any KFS user within that department can create A/R documents.

The remainder of this document will go through detailed examples of using the KFS AR focusing on:

- Creating and editing customers
- Creating customer invoices
- Creating customer credit memos
- Creating customer write-offs
- Reports and Searches
The Accounts Receivable Transactions Section

When you first log into KFS, you will see the following screen:

As a Billing Organization user, you will have the “Create” option for the following documents:

- Customer Credit Memo
- Customer Invoice
- Customer Invoice Write-off

You will also be able to edit and create AR Customers as well as generate Billing Statements and Customer Aging Reports.
Examples:

A. Create an invoice for:

Peyton Luck
Football Operations
P.O. Box 1234
Denver, CO  55555

1. Invoice #1 - 100 season tickets for the 2013 season at $400/each; discount this invoice for $50.00
2. Invoice #2 – 75 jerseys at $45/each

3. Peyton returns 5 of the jerseys. A Credit Memo will need to be created against invoice #2.

B. Create an invoice for:

Andrew Manning
10458 Lucas Oil Road
Indianapolis, IN  47401

1. Invoice #1 - catered meal for 300 people at $25/per person
2. Invoice #2 – Delivery charges - $500.00

3. Before the invoice is mailed, Andrew decides he will pick up the food instead so Invoice #2 needs to be corrected (reversed).

4. After the event, Andrew goes bankrupt and cannot pay Invoice #1. A write-off will need to be created for that invoice.

For these two invoices, account 1023200 and object code 1800 will be used.
Creating AR Customers

Before creating the invoice, you need to determine if the customer already exists or if a new customer needs to be created.

To search for customers, click on the Lookup magnifying glass which will bring up the Customer Lookup screen.

Search for the first customer, using (*) as a wild card to search on a portion of the customer name. *Luck* will return all customers that have the text string “Luck” in any part of the name.

Be sure to click “Both” for the Active indicator to return both active and inactive customers. Since we do not find “Peyton Luck”, a new customer must be created. This can be done by either clicking the “create new” button in the upper right corner or from the main screen using the + under Create. Either one of these options will return a new customer document.

The following are required fields to create an AR customer:

Description

Customer Name – please follow the naming rules which are listed at the end of this section.

Customer Type – Please select “Not Indicated”
Address Name – should be the same as the customer name.

Address 1

City

State - unless it is a foreign customer

Postal Code – unless it is a foreign customer

International Province – only for foreign customers

International Postal Code – only for foreign customers

Country

**All other fields are optional.**

Once you enter the address, you must click “Add” before submitting the customer document. After you click “submit”, the customer number will be automatically assigned. These documents are routed to Central Accounts Receivable for approval.

See “Business Rules for Creating a New Customer” at the end of this document.
Editing Existing Customers

If the customer you need is found through customer search, click on the Customer Number to determine if the necessary address exists for this customer.

In this case, the address we need does not exist so we must add it. Also, this customer shows as inactive so we must also activate the customer.
Back on the Customer Lookup screen, click “edit” for this customer. This allows you to change existing information for the customer. Enter your changes on the right side of the screen. To add an address, enter the information in the “New Customer Address” section and click “add”. Once you have made the necessary changes and added the address, click submit. These documents also route to Central Accounts Receivable for approval.

Back on the Customer Lookup screen, there is also a “report” link in the action section of the search results. This will return all AR activity for this customer.
Customer Invoice

Now that the customers have been created and edited, the invoice can now be created.

Click the Create button. Information below will describe each section of the invoice edoc.

The upper right corner of the edoc is the invoice number (Doc Nbr), Status, Initiator, Create date/time, Invoice Total Amount and Open Amount. These fields will be updated once the invoice is submitted.

**Document Overview:**
- Description is required
- Organization Document Number - optional
- Explanation - optional
**Organization:**

Processing Chart and Organization – this will automatically populate with your Department’s payment processing organization

Billing Chart and Organization – the chart and organization associated with your username.

Organization Invoice Number – optional

***There is currently a bug with this functionality so please do not use it until further notice***

**Recurrence Details:** This allows you to set up a future recurrence of this invoice. It will create a copy of this invoice at specified future intervals. It will appear in the action list of the designated initiator.

**General:**

**Customer Number** – enter the customer number or search for it by clicking on the magnifying glass. Required.

**Customer Purchase Order Number and date** – Optional

**Billing Date** will be populated with the create date. This is the invoice date.

**Due Date** – this will default to 30 days from the billing date. This can be changed but can be no longer than 90 days from the invoice date.

**Terms** – this will default for your billing organization based on the Organization Options

This can be changed but please make sure it matches the invoice due date.

**Open Invoice Indicator** – “Yes” – invoice has open dollar amount
Header Text – This allows you to enter a message that will appear on the printed invoice.
Attention Line Text – used to address the invoice to a specific person.
Print Invoice Indicator – defaults from Organization Options. Allows you to print invoices in batch by user, billing organization or processing organization.
Print Date – date the invoice was last printed.

Billing/Shipping:

Bill To Address – this section defaults to the primary address of the customer. To change it click on the magnifying glass to search for all addresses for that customer. This appears in the remit section of the printed invoice.
Ship to Address – this section will be blank unless you select an address. This appears in the Ship to section of the printed invoice.

Accounting Lines – required fields:
Account
Object
Quantity
Invoice Item Unit Price

After entering the accounting information, click “add” to add the line. You can then add additional lines if necessary.

Invoice Item Description – this field is 400 characters. We recommend you type it into Word and then copy and paste it into the invoice item description to ensure correct spelling and monitor your word count.
Discounts

To add a discount line, click the “discount” button in the Actions section of the line you wish to discount. This will add a new line which will be a negative of the entire line you are discounting. You must adjust the dollar amount and/or quantity to reflect the proper discount. You may also edit the item description. Click “refresh” to update the amount.

Once the accounting lines have been added, click submit. Since invoices do not route, click the reload to update the status to “final”. This will also display two more buttons at the bottom of the screen:

Generate print file will create a PDF of the invoice which you can save or print. Correction allows you to reverse the invoice. PDF of example 1:
Correcting an Invoice

The correction process is used to reverse an invoice that should not have been created. An invoice cannot be corrected if there have been payments or credits applied to it. To correct an invoice, go to Customer Invoice document search on the main KFS menu. You can also use the general “Search for Documents” at the top of the main KFS screen.

Enter the invoice number or any search criteria if the invoice number is not known:

In this screenshot above, we are looking for the invoice created for example B2 on page 5. The customer decided to pick up the food instead of having it delivered so the invoice should not have been created.
Click on the document number to return the invoice. At the bottom of the screen are several options.

Clicking “Correction” will create the reversal document. It looks exactly like the original invoice except that it has a different document number and the amounts will be negative. Click “Submit” to finalize the correction.
Customer Credit Memo

Credit Memos are used to credit the original invoice due to returns, price adjustments, etc. They are NOT used for write-offs or reversals.

Continuing with the examples from page 5, an invoice was created for the jerseys (A2):

Peyton returns 5 of the jerseys (A3) so a credit memo will need to be created.

Click the ✉️ under “Create” for the Customer Credit Memo and the following screen will appear:
Enter the invoice number you wish to credit and click continue. You can also search for the invoice by clicking the magnifying glass.

The Credit Memo screen will then appear:

A description is required and we also recommend entering an explanation with the details as to why the credit is being issued.

**Items Section** – enter either the quantity to be credited OR the dollar amount. **Do NOT enter both.** Click “recalculate” to update the credit memo total. If the amount is correct, click “submit”. Accounting lines are not entered on the credit memo. It will use the accounting information from the invoice. Credit Memos route to the fiscal officer(s) on the accounts of the invoice.

Once the Credit Memo has been approved, you can open it through document search and print it:
Normally, these aren’t sent to the customer but if they would ask for a printed copy, it can be provided.

**Customer Invoice Write-off**

The Customer Invoice Write-off document is used to write-off the balance of an outstanding invoice due to non-payment. Goods or services were provided to the customer but they will not or cannot pay the invoice (bankrupt, customer is disputing what is owed, etc).

Continuing with the examples from page 5, an invoice was created for the catered meal (B1) for $7,500. Click the ☐ under “Create” for the Customer Credit Memo and the following screen will appear:
Enter the invoice number you wish to write-off and click continue:

Description and Note are the only required fields. We recommend your note be as descriptive as possible to assist with year-end reporting. This note is also added to the customer record for future reference. Click “submit” to route the document to the fiscal officer. Neither accounting information or dollar amounts are entered on this document. It uses the account from the invoice and object code 5105 (write-off expense). **The entire outstanding balance of the invoice will be written off with this document.**

**Customer Invoice Writeoff Lookup**

This option allows the write-off multiple invoices at one time and appears at the bottom of the Accounts Receivable section of the main KFS page. **For now, this option is for Central AR use only.** Please use the individual writeoff documents instead.
AR Document Searches

There are document specific searches for most KFS documents. These are customized to use the unique fields of each document to conduct searches.

Below is an example of an invoice search using the Initiator ID and part of a customer name using wildcards (*):

![Invoice Search Example](image)
Billing Statement

The KFS Billing Statement creates a PDF of all outstanding invoices for a customer, account or Billing Organization.

**Please only use the “Summary” Statement Format**

The Detail statement format will show all activity for a customer since the last time the statement was run. Since the customer database is universal, running a detail statement for a customer may result in limited data being returned since another department may have generated a Detail statement for that same customer.

As of 2/15/13, there is an outstanding bug with the KFS Billing Statement where only one invoice prints on the first page of the statement and all other invoices on subsequent pages. We expect this to be resolved soon but in the meantime, please use the IUIE Billing Statement. We will notify you when this bug has been fixed.
Customer Aging Report

The KFS Customer Aging Report allows users to monitor current and outstanding amounts for their billing organization or for a specific account. The following example is an aging report for billing organization UA-AR:

Clicking on the amounts within the aging buckets will return a report (Customer Open Item Report) showing all invoices that make up that amount:

As of 2/15/13, there is an outstanding bug where very large customers take an extremely long time to load for reports and sometimes the system will “time-out”. Examples of large customers are IND2923, CLA1125, BAR14994. We will notify you when this bug has been fixed.
Business Rules for Naming a New Customer

1. Names like “3M,” “JL Construction,” or “AFSCME” have no spaces, no commas etc.

2. An Individual’s name is listed as “Last name, First name” in the customer name because the first three characters of the customer number should be the first three characters of the last name. The name may be listed as “First name Last name” in the address section of the customer set-up so that it formatted correctly for invoices and mailing.

3. Do not use “The” at the beginning of a customer name.

4. Do not use titles in the first name, such as “Mr,” “Mrs,” “Dr” etc.

5. When titles are included in a name such as “Dr John L Doe,” it should be listed as “Doe, Dr John L;” “Jane K Deere, MD,” should be listed as “Deere MD, Jane K”

6. If a last name is hyphenated it should be entered that way in the customer set-up.

7. Do not use shift key characters.

8. Do not use punctuation or ampersands.

9. If the name of an abbreviation is known or can be found online, spell out the whole name (i.e. “Med Ctr” = Medical Center; “Hosp” = Hospital)

10. For military branches, the prefix “United States” is left off—simply list as “Army,” “Navy,” etc.

11. When the following are at the end of a name, they should be abbreviated: “Inc,” “Corp,” “Assoc,” “Co,” “Ltd”

12. When “City of Bloomington” is used, it should be listed as “Bloomington, City of”

13. “School of Music” should be listed as “Music, School of”

14. If it is necessary to abbreviate, do so at the end of the entry.

15. Spell out in full prefixes such as “Saint,” “Fort,” “Mount” etc.

16. Numbers in the customer name should be spelled out, from one to ten

17. For university departments, such as “Department of Athletics,” put “Athletics, Department of.” This is for universities other than IU. IU department should be billed through an internal billing document.

18. Commonly used acronyms such as “IBM;” “ABC” are not spelled out in full.
19. Dashes should be used in phone numbers.

20. Use contact’s name in the “Attention” line of the Invoice, not in the customer’s address.

For additional questions regarding naming new customers or setting up new customers, please contact your Campus AR Contact or nonstdar@iu.edu.

### AR Transaction Flow

Billing Org creates and mails invoice to Customer
GL entries created on Dept account:
- Debit obj 8118 (AR)
- Credit obj 15XX (or any income obj)

Customer remits payment

- **By Check**
  To the lockbox address on the invoice

- **By Credit Card**
  via the IUPayPlus website of the Proc Org

- **By ACH/Wire**
  Per the instructions on the IU Treasury website

Proc Org applies payment to invoice
GL entries created on Dept account:
- Debit obj 8000 (Cash)
- Credit obj 8118 (AR)