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Parties

Oracle Receivables Implementation - Functional & Technical Overview
Ranu Srivastava
http://apps2fusion.com

Profile Class Characteristics

Credit/ Collections
- Credit check
- Collector
- Payment application
- Dunning letters
- Finance charges

Invoices and Statements
- Invoice line and tax printing
- Statement cycle
- Consolidated Invoices

Payment promptness
- Payment terms
- Discounts
- Grace days
DQM cleanses and standardizes the data using a set of transformation functions. The cleansed data is stored in the staged schema.
• Input records enter the process from online search or duplicate identification processes.
• DQM cleanses the input records using the transformation functions in the highly configurable match rules.
• DQM compares the cleansed input records to the information in the staged schema using the match rule and calculates a matching score.
• The result of the comparison performed by DQM is a list of potential matches and
**Merging Parties & Customer Account**

(N) Customers > Merge  
(N) Customers > Party Merge  

Merging a party is different than merging a customer account. The party is everything under that party. The customer account merge is two accounts under one party. Merging party or customer account information combines all information for two parties, customer accounts, or account sites. You can delete or inactivate the merge-from party, customer account, and account sites. Before merging consider archiving the historical data for the absorbed party, customer account, or account site. Also, consider that the information is being used by the entire e-Business suite and will affect other applications.

**Party reports**

1. Customer listing detail/summary  
2. Customer Profiles report  
3. Customer relationship listing

**Defining Setup Options**

**Collectors**: (N) Setup > Collections > Collectors  
When you assign a collector to a profile class, that collector becomes the collector for all customers assigned that profile class. Collector names and telephone numbers can be printed on dunning letters sent to customers. Receivables displays active collectors and their descriptions as list of values choice  

**Payment Terms**: Payment Terms can be attached to a profile class. The term can then default from the customer this profile class is attached to, onto the Sales Order transaction, where it is a required field. Payment Terms will also factor into Credit Checking in Order Management Transaction processing.

**Optional Customer Profile setup**

**Customer Profile Lookups**: Lookups provide list of value selections when in a form.  
**Statement Cycles**: These cycles control when you create customer statements.  

**Dunning Letters and Sets**: Dunning Letters inform your customers of past due items and finance charges. Receivables provides three predefined letters as well as ten letters that can be personalized. Additionally you can create your own dunning letters. To use dunning letters they must be added to a Dunning Letter Set. These sets combine a sequence of dunning letters into one group.  

**AutoCash Rule**: If you are using AutoCash, define your rule sets before defining system parameters or customer profile classes. AutoCash determines the sequence of application methods Receivables uses when applying receipts imported using AutoLockbox to open debit items.  

**Grouping Rules**: Grouping rules indicate how to group transaction lines imported by AutoInvoice.
**Required Customer Profile setup**

**Customer Lookups:** Lookups provide list of value selections when in a form. The Customer Lookups include: Address Categories, Country Codes, Business Purposes, Customer Categories, Customer Classes, Free on Board (FOB), Freight Carriers, Language (for language used at customer site), Job Titles, Contact Titles (Mr. and Mrs, etc.), Communication Type, Relationship Type, and State abbreviations.

**Customer Bank Accounts:** If you use Receivables, use the Banks window to define your internal banks, which you use for receipts, and external banks, which are your customers’ banks with which you do business. These customer bank accounts are used for automatic receipts.

**Payment Methods:** Receivables uses payment methods to account for your receipt entries and applications. Payment methods also determine a customer’s remittance bank information. This information can be used for transactions from credit card payments to automatic receipts and bank charges.

**Flexible Address Style:** To enter customer, supplier, bank, check and remit to addresses in country specific formats, you must set up flexible address formats. This is a multi step process that will allow you to conform to post regulations for the countries you interact with.

Profiles: AR: Change customer name  
AR: Customers - Enter alternate fields  
HZ: Cleanse Fuzzy key  
HZ: Display D&B button in customer form  
Default country

**AR Transactions (Invoices)**

*Overview*

With transactions, you can:
- Enter invoices manually or import invoices by using AutoInvoice
- Set up different accounting options to derive the GL accounts
- Set up Oracle Receivables to calculate tax
- Correct invoices by creating credit memos, debit memos, and adjustments
- Review and print transactions
- Generate and send customer statements
Oracle Receivables Implementation - Functional & Technical Overview
Ranu Srivastava  http://apps2fusion.com

Transactions Overview

- Import transactions
- Create manual transactions
- Calculate taxes, create GL accounts, update customer balances
- Print invoices

Transaction Overview

- Deposit
- Guarantee
- Standard invoice
- Copy
- Print and send invoice to customer
- Correct invoice
- Underinvoice
- Overinvoice
- Invalid transaction
- Process and print
- Void
- Delete
- Enter receipt
- Generate statement
- Interface to Oracle General Ledger

Transactions Workbench Windows

- Transactions Summary
- Create
- Adjust
- Credit
- Complete
- Review
- Copy

About AutoInvoice

With AutoInvoice, you can:
Import large numbers of transactions for seamless integration from Oracle or non-Oracle systems
- Invoices
- Credit memos
- Debit memos
Calculate taxes for the imported transactions, or pass the tax through the tables
Correct errors easily online
Use copy transaction window to Copy transactions for Product, services billed at regular intervals

**Transaction Classes**
- Invoice: Bill customers for products & services
- Credit Memo: Credit customers (on-account credits do not refer to specific invoices)
- Debit Memo: Bill customers for products or services that were not included on the original invoice
- Charge Back: Adjust the remaining balance of an existing debit item to zero, and create a new debit item to bill customer for unpaid balance of original invoices
- Deposit: Bill customers for contractual agreements
- Guarantee: A contractual agreement that is referenced by invoice (Bill customers for the items on the invoices, not the guarantee)
Creating Invoices for Services

Invoicing rules determine when to bill the customer in relation to the accounting rule periods. Accounting rules determine the accounting periods for revenue recognition and billing. Two invoicing rules are available:
- Advance
- Arrears

Set up an unlimited number of accounting rules using the predefined types:
- Fixed duration
- Variable duration

Creating Invoices with Rules

Commitments: To record contractual and prepayments for future purchases, not including tax & freight charges

Comparing Commitment Types

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit</td>
<td>To record a contractual agreement to prepay a certain amount</td>
<td>A deposit is often applied to the purchase of a specific item or service to be provided. If the invoice is more than the deposit, the customer is billed for the deposit and the invoice.</td>
</tr>
<tr>
<td>Guarantee</td>
<td>To record a contractual agreement to spend a certain amount of money</td>
<td>A guarantee is a promise to conduct a certain amount of business, usually over a period of time. The customer is notified of the guarantee and billed on the invoice.</td>
</tr>
</tbody>
</table>
Creating Customer Commitments

- Agreement specifying guarantee
- Invoices for products or services
- Invoice for deposit
- Invoice or credit memo for difference
- Customer
- Agreement requiring deposit

Correcting Invoices

Overview of Correcting Invoices

- Invalid transactions:
  - Void
  - Delete
- Reduce balance due:
  - Refund
  - Adjust invoice
  - Update invoice
  - Credit memo
  - On-account credit
- Increase balance due:
  - Adjust invoice
  - Update invoice
  - Debit memo

Printing Transactions

Transaction Printing Options

Generating statements
AR -> Collections -> Statements
Generate & send statements to inform customers of transaction activity
Calculate finance charges
Generate customer statements according to business needs
Send a consolidated statement to one customer site or send a statement to each bill to site
**Consolidated Invoice**

**Consolidated Billing Invoices**

A consolidated billing invoice is not the same as a statement. Some of the differences are:

<table>
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<tr>
<th>Statement</th>
<th>Consolidated Billing Invoice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generated at customer level</td>
<td>Generated at customer or Bill To location level</td>
</tr>
<tr>
<td>Used for informational purposes</td>
<td>Customer pays from the invoice</td>
</tr>
<tr>
<td>Includes aging</td>
<td>Does not include aging</td>
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<tr>
<td>Customers selected by statement cycle</td>
<td>Customers selected by cutoff date and payment terms</td>
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**Transaction Types** : AR -> setup -> Transaction type

**Using Transaction Types**

Transaction types determine:
- The transaction class
- If the transaction can be posted to the GL
- If the transaction is an open receivable
- If tax can be calculated
- If freight can be entered

**Auto-Accounting** : AR -> setup -> Autoaccounting (Determines the values that AR uses to build the accounting flexfield by selecting a pointer for each segment of accounting flexfield.)

**Using AutoAccounting**

When you set up AutoAccounting, you define where Oracle Receivables should derive the value for each segment. Values can be either constant, or be defined by tables. These determinations occur during AutoAccounting setup.

**Transaction Sources** : Control transaction batching & numbering, specify default transaction type. Selecte validation options for imported transactions. Assign batch sources to invoices, debit-memos, commitments, credit memos & on account credits.
Calculating Tax on Invoices

When entering or importing invoices, Oracle Receivables can calculate:

- No tax if the transaction types are set up in this manner
- Sales tax based on the ship-to address of the customer, or the bill-to address if a ship-to address is not provided
- Sales tax rates, which can be imported using Taxware or Vertex
- Tax rates by using tax codes or tax groups that you assign to a customer

Process Invoices

The **Create Invoices and Print Invoices steps** will be discussed in this topic.

- **Create Profile Classes**: Defines several default values for customers with similar credit terms and invoicing requirements.
- **Enter Customers**: Creates information for the customer, defines the addresses for the customer, and the business purpose(s) at each address.
- **Create Invoices**: Uses AutoInvoice or manually created invoices to bill customers for goods and services.
- **Print Invoices**: Produces invoices to mail to customers.
- **Use iReceivables**: Allows customers and employees to access customer accounts on line to see the status of invoices and receipts and to request credits on line.
- **Post Receipts**: Permits posting of customer payments as they are received.
- **Perform Collections**: Enables collectors to use informational windows and reports to perform timely and accurate collection activities.

Transactions Overview
**Transactions Workbench Window**

(N) > Transactions > Transactions Summary

The Transactions Summary window consists of a workbench, which has buttons that open windows where the following can be done:

- Create New transactions.
- Create adjustments and credit memos.
- Complete transactions.
- Review transactions and cash applications.
- Copy transactions.

**Invoice Entry Methods**

**Creating a Standard Invoice Manually**

**Invoice Components**

(N) > Transactions > Transactions

Invoices consist of three major components, Invoice Header, Customer Information, and Lines.

**Invoice Header**

- Number: If the Batch Source specifies automatic invoice numbering then Receivables assigns a number when you save the transaction or you can entered the number manually.
- Source: Sets default values and AutoInvoice options. Controls numbering. Turn on Automatic as well as entering the range of numbers for the system to use.
- Class: Provides a dropdown list of classes of transactions, chargeback, credit memo, debit memo, deposit, guarantee, and invoice.
- Type: Determines whether Receivables amounts are recorded and posted to the General Ledger.
- GL Date: Sets the General Ledger period for posting of transaction distributions.

**Customer Information**

- Ship-To Address: (Optional) Ship goods or provide services at this customer address.
- Bill-To Address: Send the invoice to this customer address.

**Lines**

- Item: Goods or services provide to the customer.
- Price: Unit price or total amount to be charged the customer.
• Quantity: Amount ordered or one when entering the total amount.

**Transactions Window Tabs**
(N) > Transactions > Transactions
The tabs in the Transaction window is where the following information is entered:
• Main: Customer Bill-to, Ship-to, Due Date, Terms, Salesperson and Commitment.
• More: Invoicing Rule, Print Option, Default Tax, Status, Finance Charges, Cross Reference, Original Transaction, Agreement, Dispute Amount and Date, Special Instructions, Comments, Document Number, Print Date, and Purchase Order information.
• Paying Customer: Paying Customer Number and Location, Payment method, Customer Bank information, and Expiration Date.
• Notes: Date, Source, and Memo.
• Commitment: Effective Dates, Amount, Item, Memo Line, Description, and Transaction. (Used with Commitments).

Credit: Reason, Customer Reference and Date, Rules and Split Term Method, Credited Transactions Source, Reference, Amount, GL Date, Number, Bill-to, Balance Due, and Transaction Date. (Used with Credit Memos).

**Required Transaction Information**
A number of fields are required during invoice entry. They include the following:
• Date: Transaction date.
• Source: List of values showing where transaction originates. New sources can be added to the list of values.
• Class: Classifies the transaction as an Invoice, Credit Memo, Debit Memo, Guarantee, Deposit, or Chargeback.
• Type: Determine whether a transaction updates open receivables, can be posted to your General Ledger, Receivables calculates tax, and other defaults are entered.
• GL Date: Enters the current date the transaction will use when transferring to the General Ledger.
• Bill-to: Determines where the final document is sent.
• Terms: Records the payment terms for the transaction.
• Remit-To: Provides your address information for the payment remittance.

**Entering Invoice Dates**
• An invoice date can be entered any time. This determines the due date only.
• The General Ledger (GL) date determines when the transaction can be transferred to the General Ledger. The GL date defaults to the transaction date if it is in a open period. Otherwise, it defaults to the last day of the month of the current open period.
• The Receivables calendar can be opened or closed independently of the General Ledger calendar. (The General Ledger calendar is shared by Receivables so no separate setup is required.)

**Transaction Defaults**
Transaction defaults save data entry time and reduce errors. There are several sources for these defaults.
• Transaction Source defaults:
  - Transaction type
  - Transaction numbering
• Transaction Type defaults:
  - Transaction class
  - Payment terms (if not set at the customer)
• AutoAccounting defaults:
  - Accounts for transactions
  - Validates Accounts
• Customer Record defaults:
- Ship-to and bill-to address
- Salesperson
- Accounting Rules default from:
  - An item
  - A standard memo line
- Statement cycles default from the customer profile class.

**Standard Invoice Line Types**

(N) > Transactions > Transactions > (B) Line Items

There are three types of standard invoice line types that can be used during invoice entry.

- Inventory item: Enter items available in inventory, using a list of values.
- Standard Memo line: Enter non-inventory products or services, such as extended warranties or maintenance contracts, using a list of values.
- Free Form line: Enter a description.

**Entering Freight Invoices or Lines**

(N) > Transactions > Transactions > (B) Line Items

If the transaction type assigned to this invoice allows freight charges, enter freight amounts.

Bill freight charges for the entire invoice or for each line:

- Click the Freight button in the Transactions window to enter at invoice level.
- Click the Freight button in the Lines window to enter at lines level.

Note: If you click the freight button at invoice level, then the freight charges apply to the entire invoice. If click the freight charge at line level, it will apply to that particular line. AutoAccounting determines the default freight account.

Note: Users can calculate and report tax on freight by creating inventory items with the type of Freight. AutoAccounting identifies these standard invoice lines with an inventory item type of Freight and derives your General Ledger accounts based on the rules you have defined for freight transactions.

**Entering Sales Credits**

(N) > Setup > System > System Options

- If the Require Salesperson check box in the Miscellaneous tab of the System Options window is selected, a salesperson must be assigned to each invoice.

**Receivables**

(N) > Transactions > Transactions > (B) Sales Credits

- Use the Sales Credits window to allocate sales credit among salespeople, and record both revenue (credit based on invoice lines) and non-revenue sales credit (credit in excess of your revenue sales credit such as bonuses or incentives). This information defaults to line-level sales credits.

Note: The percentage of revenue sales credits must add up to 100%.

- AutoAccounting will recalculate the revenue account assignment.
- Additional non revenue sales credits (above 100%) can be assigned for bonus or incentive purposes.
- Allocate different percentages or to different salespeople by line, using the For This Line region of the Sales Credits window. Access this window by clicking Sales Credits in the Lines window.

**Completing Transactions**

Receivables, Vision Operations (USA)

(N) > Transactions > Transactions

When all required information has been entered, click the Complete button to complete (finish) the invoice.

- Payment schedules and aged receivable amounts are calculated when the Complete button is selected.
- Completed transactions can be transferred to the General Ledger.
- Only completed transactions can be printed.
The requirements for Completing an invoice:
• An invoice must have at least one line, or at the header level be a freight invoice.
• The General Ledger date of the invoice must be in an open or future period.
• The invoice sign must match the sign of the transaction type.
• The sum of distributions for each line must equal the invoice line amounts.
• If Calculate Tax for transaction type is set to Yes, tax is required on each line.

Creating Invoice Batches
(N) > Transactions > Batches

Invoice Batching can be used to create groups of invoices. Batching provides checks and balances not available in a single invoice. Some of the elements of a batch are:
• The batch date defaults to the invoice date.
• If a batch is entered, Oracle Receivables uses the source assigned to the batch for each of the invoices.
• Batches must match control and actual invoice counts and amounts.
• Actual count and amount are updated as each invoice is entered.
• A batch can contain invoices with different currencies.
• Invoices can be printed by batch.
• Oracle Receivables uses invoice
batches to import invoice data. Batch information identifies the originating system when importing transaction.

Creating Invoice Batches

Creating Copies of Invoices

(N) > Transactions > Copy Transactions

Use the Copy Transactions window to create recurring invoices for products and services sold on a regular basis. A model invoice is used to copy a series of invoices in future periods. Example:

• Business Needs: A customer is billed for the same service every month.
• Solution: For the first month, enter a new invoice that refers to the billed service. This becomes the model invoice for the following months.
• The model transaction must be complete.
• Once the model transaction is copied, changes to the model transaction do not affect the copied transaction.
• The model transaction should be the open or closed transaction that exactly matches the transaction(s) to recur.

Using Recurring Rules

(N) > Transactions > Copy Transactions

Oracle Receivables determines the date and frequency of the copied transactions, using the rule, first transaction date, and number of times specified.
• You cannot update the recurring schedule after it has been saved.
• Oracle Receivables creates all invoice copies at one time.
• Invoices that are created in unopened periods are created as incomplete.
• If the batch source for the model invoice has automatic transaction numbering turned on, Oracle Receivables automatically numbers each recurring transaction.
• Each recurring transaction uses the batch source that is assigned to the model transaction.

Select one of the following rules to create the invoices on the specific schedule:
• Annually: Once a year.
• Semi-Annually: Same day every six months.
• Quarterly: Same day every three months.
• Bi-Monthly: Same day every other month.
• Monthly: Same day every month.
• Weekly: Every seven days.
• Days: Interval based on the number of days entered.
• Single Copy: One copy.
Creating Invoices for Services
(N) > Transactions > Transactions > (B) Line Items > (B) Rules
Accounting Rules determine the revenue recognition schedules for invoices, while invoicing rules determine when to recognize revenue for Receivables invoices. Invoicing Rules record the receivable in the first (Bill in Advance) or last (Bill in Arrear) period of the service.
• You can assign invoicing rules to invoices that you manually enter or import into Receivables through AutoInvoice.
• Once the invoice is saved, you cannot update an invoicing rule.

Defining Accounting Rules
(N) > Setup > Transactions > Accounting Rules
Accounting rules determine when to recognize revenue amounts.
• Use Accounting, Fixed Duration type to recognize revenue over a specific number of periods. Revenue can be spread evenly or a percentage can be specified for each period. Default is even distribution.
• Use the Accounting, Variable Duration type to recognize revenue by a percentage for the first period. The remaining revenue is spread evenly across the number of periods that you specify during transaction entry.

Assigning Accounting Rules to Invoice Lines
(N) > Transactions > Transactions > (B) Line Items > (B) Rules
Each invoice line can have a different accounting rule. Oracle Receivables uses the First GL Date field in the Transactions window to determine when to start recognizing revenue.
The number of periods in which revenue is recognized is determined by the value in the Number of Accounting Periods field in the Transactions window.
• Value defaults from fixed rule.
• Value must be entered for variable rule.
Because you are billing the customer for the entire invoice in the first accounting period, the offset account must be Unearned Revenue. Revenue is considered earned only when services or support has been provided. With the Bill in Advance invoicing rule, Oracle Receivables updates the GL (General Ledger) Date and invoice date of the invoice to the first accounting period for the accounting rule. For example, if the GL Date of the invoice was originally 01–JAN–02, and revenue was spread across 3 months, Oracle Receivables uses the GL Date of the invoice to 01–JAN–02.

Because Billing in Arrears bills the customer for the entire invoice in the last accounting period, the offset account must be Unbilled Receivables. With the Bill in Arrears invoicing rule, Oracle Receivables updates the GL Date and invoice
date of the invoice to the last accounting period for the accounting rule. For example, if the GL Date of the invoice was originally 01–JAN–02, and revenue was spread across 3 months, Oracle Receivables changes the GL Date and invoice date of the invoice to 01–MAR–02.

**Deferred Accounting Rules**

(N) > Setup > Transactions > Accounting Rules

Use Deferred Accounting Rules to recognize revenue on demand using the Revenue Accounting feature. Deferred Accounting Rules are enabled by selecting the Deferred Revenue checkbox on the Invoicing and Accounting Rules window.

**Revenue Recognition Program**

(N) > Control > Accounting > Revenue Recognition

- Accounting distributions are created only after you run the Revenue Recognition program.
  - For Bill in Advance, the offset account to Accounts Receivable is Unearned Revenue.
  - For Bill in Arrears, the offset account to Revenue is Unbilled Receivables.
- Accounting distributions are created for all periods when Revenue Recognition runs.
- When you use deferred accounting rules, the Revenue Recognition program creates a single distribution per line that posts to an unearned revenue GL account.
- Submit the Revenue Recognition program manually through the Run Revenue Recognition window.
- Submit the Revenue Recognition program automatically when posting to Oracle General Ledger.
- The program processes revenue by transaction, rather than by accounting period.
  - Only new transactions are selected each time the process is run.

**Making Adjustments using Revenue recognition program**

(N) > Transactions > Transactions or (N) Transactions > Credit Transactions
(N) > Control > Accounting > Revenue Accounting

The Revenue Accounting feature lets you adjust revenue.
- Earn or unearned revenue
- You can also adjust sales credits
  - Transfer revenue sales credits between Salespersons (maintaining the 100% total)
  - Add Non-revenue sales credits
- You can adjust completed invoices and credit memos.
- You can make adjustments at the transaction or line level.
- Receivables uses AutoAccounting to generate the required accounting distributions.
- Use the Revenue Accounting and Sales Credits window to manually perform these adjustments.
- Use the Revenue Adjustment API to automatically perform these adjustments.

**Correcting Invoices**

---

**Invoice Transaction Flow**

- Deposit
- Guarantee
- Standard invoice

- Print and send invoice to customer
- Correct invoice
- Underinvoice
- Overinvoice
- Invalid transaction

- Process and print
- Enter receipt
- Generate statement and interface to Oracle General Ledger
### Invoice Correction Methods

**Overinvoicing:** Occurs when an invoice is generated for an amount that is greater than the amount actually due. The difference between the amounts can be credited or refunded to the customer, or the invoice can be updated.

**Underinvoicing:** Occurs when an invoice is generated for an amount that is less than the amount actually due. The difference between the amounts can be debited against the customer, or the invoice can be updated.

**Invalid Transactions:** Transactions that were created in error.

### Overview of Corrections

<table>
<thead>
<tr>
<th>Correction Type</th>
<th>Effect on Invoice</th>
<th>Approval Limits</th>
<th>Accounting Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update Invoice</td>
<td>Changes original</td>
<td>None</td>
<td>Original Transaction</td>
</tr>
<tr>
<td>Debit Memo</td>
<td>None; new item</td>
<td>None</td>
<td>Receivables Activity</td>
</tr>
<tr>
<td>Adjustment</td>
<td>Activity</td>
<td>User</td>
<td>Receivables Activity</td>
</tr>
<tr>
<td>Credit Memo</td>
<td>New item applied to original</td>
<td>None</td>
<td>Original Transaction or AutoAccounting (profile option)</td>
</tr>
<tr>
<td>On-account Credit</td>
<td>None; account only</td>
<td>None</td>
<td>AutoAccounting</td>
</tr>
</tbody>
</table>

### Overview of Corrections (Continued)

<table>
<thead>
<tr>
<th>Correction Type</th>
<th>Tax</th>
<th>Usage Restriction</th>
<th>Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update Invoice</td>
<td>Automatic</td>
<td>Activity</td>
<td>Query in Transactions window</td>
</tr>
<tr>
<td>Debit Memo</td>
<td>Automatic</td>
<td>None</td>
<td>Transactions window</td>
</tr>
<tr>
<td>Adjustment</td>
<td>Manual or write-off</td>
<td>Approval limits</td>
<td>Transactions Summary</td>
</tr>
<tr>
<td>Credit Memo</td>
<td>Automatic</td>
<td>None</td>
<td>Transactions Summary</td>
</tr>
<tr>
<td>On-account Credit</td>
<td>Automatic</td>
<td>None</td>
<td>Transactions window</td>
</tr>
</tbody>
</table>

### Overview of Corrections

**Update Invoice:** Update the line, tax, and freight amounts on the original invoice before it is posted.

**Debit Memo:** Enter a new transaction for additional amounts not invoiced on the original invoice.

**Adjustment:** Adjust line, tax, and freight amounts on the original invoice.

**Credit Memo:** Credit a specific invoice.
On-Account Credit: Credit the customer’s account. This credit does not initially apply to a specific invoice.

Receivables: Disputes an invoice. Enter a requested credit amount or percentage for lines, tax, freight, or total. Credit memo request is routed through the approval process.

Note: Debit memos are not directly linked to invoices, but you can enter descriptive references. Adjustments are linked to invoices.

Creating Debit Memos

(N) > Transactions > Transactions

Debit memos are like invoices, but they are usually created for additional charges. You can:
• Enter debit memos in the Transactions window.
• Import debit memos through AutoInvoice.

• Enter debit memos in the same way as invoices, but use the Debit Memo transaction type. Debit memos cannot reference a specific invoice number. Generally, invoices should be used whenever possible.

Creating Adjustments

(N) > Transactions > Transactions Summary > (B) Adjust

When you create an adjustment Receivables automatically verifies that it is within your adjustment approval limits.

• If within your assigned approval limit for the currency of that item, Receivables updates your customer’s balance to reflect the adjustment.

• If outside your approval limits, Oracle Receivables creates a pending adjustment with a status of Pending Approval, which will need to be approved by a higher level employee with the proper approval limit.
Applying Different Types of Credits

- Respond to over invoicing with credit memos and on-account credits.
- Credit memos affect specific invoices; on-account credits affect customer balances.
- Credit memos are entered in the Credit Transactions window; On-account credits are entered in the Transactions window with the transaction class of Credit Memo.
- Credit memos cannot be unapplied or reversed from the invoice once they have been created; On-account credits can be moved.

Credit Memo

- Use the Credit Balance button to credit 100% of the remaining invoice value.
- Use the Credit Lines button to credit a specific line on the invoice with the related tax if applicable.
- If you enter credits in the Transaction Amounts region, the tax, if applicable to that invoice, needs to be adjusted separately. Receivables does not calculate the tax in relation to the lines.
- Enter credit memos for a specific invoice or invoice line.
- You can create a credit memo against:
  - Open invoices.
  - Closed invoices.
- Batch credit memos to help identify data entry errors.
- Reference invoices with no remaining balances to refer credits back to the original invoices.
- Use the Receipts window to apply these credits to other items.
- The transaction type of the invoice to be credited must allow over application in case of a credit memo created for an invoice with an outstanding balance of zero.
- Select an existing invoice in the Credit Transaction field in order to create the credit memo.
On-Account Credit Options  (N) > Transactions > Transactions
To apply a credit to a customer’s account rather than to an individual invoice:
• Enter on-account credits in the Transactions window.
• Select transaction class Credit Memo.

Invoice Lines: Use free-form, standard memo OR inventory lines in the transaction window
Tax only: select a standard tax memo line, or enter a dummy credit memo line in the credit memo lines region
Freight only: select a standard memo line
Invoice, Tax & Freight lines: Enter line level credits

Reversing Sales Credits: • When crediting any part of an invoice, Oracle Receivables automatically reverses sales credits assigned to the appropriate salespeople. • Partial credits against sales credits default proportionately, but can be updated as long as the sum of sales credits for the line equals the original line credit amount. • The AR: Allow Update of Existing Sales Credits profile option determines whether a user can update existing sales credits or if additional sales credit records need to be created to maintain an audit trail.

Creating Refunds You must create a refund when the customer has already paid an invoice and requests money back instead of a credit. Oracle Receivables does not create checks and therefore does not complete the refund process. If Oracle Payables has been installed, you can use the features of the two systems to process refunds. You would use a clearing account to offset the Receivables account in Receivables and the Payables account in Payables. If you do not have Payables installed, create a credit memo/debit memo for accounting, and then send to your check writing system.
Example: A refund for a customer who returns goods and wants a refund for $200.
• Enter a credit memo in Oracle Receivables to reduce revenue and create an amount due to the customer.
- Debit Revenue 200 / Credit Receivables 200
• Enter a debit memo in Oracle Receivables to transfer the amount owed to the customer to
a clearing account
- Debit Receivables 200 / Credit Clearing 200
  • Enter an invoice in Oracle Payables to clear the clearing account and create an accounts payable for the customer.
- Debit Clearing 200 / Credit Payables 200
  • Issue a check in Oracle Payables to send the refund to the customer.
- Debit Payables 200 / Credit Cash 200

Creating Refunds

- Create a credit memo
- Create a debit memo
- Set up customer as a supplier
- Use the debit memo to enter an invoice in Oracle Payables
- Create a payment and send to customer

Voiding Transactions
(N) > Transactions > Transactions
If there is no activity against a transaction, and if it has not been posted to the General Ledger (GL), you can void the transaction. Changing Complete Status by clearing the Complete check box of the transaction. Updating Transaction Type:
• Set up a transaction type with the Open Receivables and Post to GL check boxes cleared.
• Assign this transaction type to the transaction that you want to void and complete the transaction. Deleting Incomplete Transactions
• If the system option Allow Invoice Deletion check box is selected, you can delete incomplete transactions from Oracle Receivables.
• Select Delete Record from the Edit menu or Delete Record icon form the toolbar to delete invoices from the Transactions Summary window. Save the record once you have deleted the transaction.

Reports
(N) > Reports > Listing > (B) Single Request > (B) OK for the Incomplete Invoice Report.
(N) > Reports > Accounting > (B) Single Request > (B) OK for the Invoice Exception Report.

Printing Transactions
(N) > Print Documents > Invoices > Single Request > (B) OK
• Transaction documents, such as invoices and credit memos must be printed for distribution to customers.
• Depending on a specific statement schedule, statements and consolidated billing invoices are generated for distribution to customers.
• Transactions can be printed in batches or a specific range.
• Print the details of each tax line by setting a tax printing option, Itemize By Line, on the
customer’s profile class. Optionally, you can elect not to print transactions.

**Process for Printing Transactions**

**Preview First**  •  Submit the Invoice Print Preview Report to see a list of transactions that will be printed.
• Select a list of transactions by specifying values for the report parameters.

**Then Print**  •  Print transactions by batch.  •  Print transactions that have not been printed.  •  Specify a range of transactions to print.  •  Specify other parameters, such as Transaction type, class, or customer.

Note: Oracle Receivables automatically prints the tax registration number defined in the system options on customer invoices. Oracle Receivables uses the tax printing option specified for the customer’s profile class, if entered. Otherwise, Oracle Receivables uses the option specified for the Invoice Printing System Option.

**Printing Transactions**

You can print the following documents to send to customers:
- Invoices
- Credit memos
- Debit memos
- Deposits
- Guarantees
- Chargebacks
- Adjustments
- Bills Receivable

**How Oracle Receivables Uses Statements**

Using Consolidated Billing

(N) > Print Documents > Consolidated Billing Invoices > Single Request > (B) OK

Use the Consolidated Billing Invoice program to print a single monthly invoice that includes all of your customer’s transactions for that period.
• Customers are flagged to receive consolidated billing invoices through their customer profile class.
• The invoice format can be detail or summary. Both the detail and summary format presents invoice totals. The detail format lists all line items.

Note: If Sales Orders with different payment terms are imported through the AutoInvoice Interface from Order Management, the invoice that are created still appear on the Consolidated Billing Statement.
Correcting AR Transactions

Overview of Corrections

<table>
<thead>
<tr>
<th>Correction Type</th>
<th>Effect on Invoice</th>
<th>Approval Limits</th>
<th>Accounting Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update Invoice</td>
<td>Changes original</td>
<td>None</td>
<td>Original Transaction</td>
</tr>
<tr>
<td>Debit memo</td>
<td>None; new item</td>
<td>None</td>
<td>AutoAccounting</td>
</tr>
<tr>
<td>Adjustment</td>
<td>Activity</td>
<td>User</td>
<td>Receivables Activity</td>
</tr>
<tr>
<td>Credit memo</td>
<td>New item applied to original</td>
<td>None</td>
<td>Original Transaction or AutoAccounting (profile option)</td>
</tr>
<tr>
<td>On-account credit</td>
<td>None; account only</td>
<td>None</td>
<td>AutoAccounting</td>
</tr>
</tbody>
</table>

Underinvoicing Correction options -> 1 Enter debit memo 2 Update Invoice 3 Adjust invoice

Creating Debit Memos

Debit memos are like invoices, but they are usually created for additional charges. You can:
- Enter debit memos in the Transaction window
- Import debit memos through Autoinvoice
- Enter debit memos in the same way as invoices, but use the Debit Memo transaction type

Updating Invoices

Update the original invoice before posting to the general ledger and before entering activity.
Use the Transaction workbench form to update the Due Date, PO Number, Salesperson, and Remit-To Address.
Update original invoice amount by
- Updating the quantity and unit price for each line.
- Updating the original freight amount.
Correcting for Overinvoicing

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update invoice</td>
<td>Update the line, tax, and freight amounts on the original invoice before it is posted.</td>
</tr>
<tr>
<td>Adjust invoice manually</td>
<td>Adjust line, tax, and freight amounts on the original invoice.</td>
</tr>
<tr>
<td>Enter credit memo</td>
<td>Credit a specific invoice.</td>
</tr>
<tr>
<td>Enter on-account credit</td>
<td>Credit the customer's account. This credit does not initially apply to a specific invoice.</td>
</tr>
<tr>
<td>Receivables disputes an invoice</td>
<td>Enter a requested credit amount or percentage for lines, tax or freight or total. Credit memo request is routed through the approval process.</td>
</tr>
</tbody>
</table>

Examples of Overinvoicing

<table>
<thead>
<tr>
<th>Business Need</th>
<th>Feature</th>
</tr>
</thead>
<tbody>
<tr>
<td>An invoice is overcharged for freight.</td>
<td>Update the invoice in the Transactions window as long as the invoice has not been posted to the general ledger and there is no activity against it.</td>
</tr>
<tr>
<td>An invoice line is incorrectly entered for $150 instead of $15.</td>
<td>Create an adjustment that decreases the invoice line by $135.</td>
</tr>
<tr>
<td>An invoice has been overcharged, so credit must be issued for this invoice.</td>
<td>Create a credit memo to reduce the invoice by the overcharged amount. (Credit memos refer to specific transactions.)</td>
</tr>
<tr>
<td>An invoice has been overcharged, so credit must be issued for this customer.</td>
<td>Create an on-account credit for the overcharged amount. (On-account credits refer to customer accounts.)</td>
</tr>
</tbody>
</table>

Applying Different Types of Credits

Respond to overinvoicing with credit memos and on-account credits. Credit memos affect specific invoices; on-account credits affect customer balances.

Credit Memo can be created for **OPEN OR CLOSED** invoices
Transactions > Credit Memos > Crediting Transactions
Reversing Sales Credits

When crediting any part of the invoice, Oracle Receivables automatically reverses sales credits assigned to the appropriate salespeople. Partial credits against sales credits default proportionately, but can be updated as long as the sum of sales credits for the line equals the original line credit amount.

The AR: Allow Update of Existing Sales Credits profile option determines whether a user can update existing sales credits or if additional sales credit records need to be created to maintain an audit trail.

Creating On-Account Credits

To apply a credit to the customer’s account rather than to an individual invoice:
Enter on-account credits in the Transactions window.
Select transaction class Credit Memo.

Transactions > Credit Memos > Creating On-Account Credits

Applying Credits

Consider the following issues when applying credit memos and on-account credits:

<table>
<thead>
<tr>
<th>Business Need</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>A credit balance exists on a specific invoice and must be applied to another invoice.</td>
<td>Apply the remaining credit to another invoice in the Applications window, accessed from the Receipts window.</td>
</tr>
<tr>
<td>An on-account credit entered last month must be applied to a specific invoice.</td>
<td>Apply the on-account credit to a specific invoice in the Applications window, accessed from the Transactions Summary window.</td>
</tr>
<tr>
<td>An on-account credit is applied to the wrong invoice and must be reapplied to the correct invoice.</td>
<td>Remove the on-account credit, and then apply it to the correct invoice in the Applications window, accessed from the Transactions Summary window.</td>
</tr>
</tbody>
</table>

Refunds: When customer has already paid an invoice & request money back instead of credit. AR does not create checks & therefore can not complete refund process

1. Create a credit memo
2. Create a debit memo by setting the customer as supplier & use the debit memo to enter an invoice in AP. Create a payment 7 send to customer.
Voiding transactions

Voiding Invalid Transactions

If there is no activity against a transaction, and if it has not been posted to the GL, you can void the transaction.

Changing Complete Status

- Clear the Complete check box of the transaction.

Updating Transaction Type

- Set up a transaction type with the Open Receivables and Post to GL check boxes cleared.
- Assign this transaction type to the transaction you want to void and complete the transaction.

Deleting Incomplete Transactions

- If the system option Allow Invoice Deletion check box is selected, you can delete incomplete transactions from Oracle Receivables.
- Select Delete Record from the Edit menu to delete invoices from the Transactions Summary. Save the record once you have deleted the transaction.

Voiding Transactions

Void invoices, credit memos, and on-account credits in response to invalid transactions. Respond to invalid transactions according to business needs.

<table>
<thead>
<tr>
<th>Business Need</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Track invoices that are incorrectly entered to determine whether this is a data entry problem or if customers are providing incorrect information.</td>
<td>Update the invoice status to Incomplete, or clear the Open Receivable and Post To GL check boxes in the Transaction Types window.</td>
</tr>
<tr>
<td>Delete transactions that are incorrectly entered.</td>
<td>Delete incomplete transactions from the Transactions Summary window if the Allow Invoice Deletion check box in the System Options window is selected.</td>
</tr>
</tbody>
</table>
Processing Customer Adjustments

### Adjustment, Credit Memo, Debit Memo

<table>
<thead>
<tr>
<th>Type</th>
<th>Reasons</th>
<th>Accounting</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment</td>
<td>To correct for overinvoicing</td>
<td>Dr/Cl Write off</td>
<td>Normally nothing sent</td>
</tr>
<tr>
<td></td>
<td>or underinvoicing</td>
<td>Cr/Dr Receivables</td>
<td>to customer</td>
</tr>
<tr>
<td>Credit Memo</td>
<td>To correct for overinvoicing</td>
<td>Dr Revenue</td>
<td>Credit Memo sent to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dr Tax</td>
<td>customer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dr Freight</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cr Receivables</td>
<td></td>
</tr>
<tr>
<td>Debit Memo</td>
<td>To charge for items not included on the original invoice</td>
<td>Dr Receivables</td>
<td>Debit Memo sent to customer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cr Revenue</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cr Tax</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cr Freight</td>
<td></td>
</tr>
</tbody>
</table>

Invoices with incorrect amount -> Manual adjustment for each invoice
Close all invoices that have remaining balance of $50 or less -> Automatic adjustment for $50
1. Create adjustments from transaction summary or account details window
2. Setup approval limits by user to create adjustments
3. Setup -> transactions -> approval limit
   - Adjustment within your approval limit for the currency of that item, AR updates customers balance to reflect the adjustments. Adjustments that are outside your approval limits, AR creates a pending adjustment with status of pending approval.
4. Accounting of adjustment is determined by the receivables activity selected
5. Tax can be included in a line or entered as a separate line
6. Adjustments can be created manually or automatically.
7. Customer was overcharged for freight by $100 -> Manual freight adjustment for $100
8. Write-off a line item and its tax -> Create one adjustment line using a receivables activity that includes the tax

Creating Adjustments in Oracle Receivables

Prerequisites for creating adjustments
1. Setup approval limits for users (Setup -> transactions -> approval limit)
2. Create receivables activities for adjustments (setup -> receivable activities)
3. Review and adjustments codes
Setting Up Receivables Activities for Adjustments

1. If you want to calculate tax on the adjustment, define the GL accounts in the Tax Accounting window which is accessed from the Tax Code window. You can set up recoverable or non-recoverable accounts.
2. Select Adjustment as the type of activity.
3. Select GL Activity source.

GL Activity Source Options

Activity GL Account
- Oracle Receivables uses the GL account that you specify in the Activity GL Account field in the Receivables Activity window

Revenue on Invoice
- Oracle Receivables uses the revenue account from the transaction you are adjusting

Tax Code on Invoice
- Oracle Receivables uses the adjustment expense or revenue account specified for the tax code of the transaction that you are adjusting

Tax Code Source Options

None
- Tax will not be calculated for this activity

Activity
- Oracle Receivables uses the tax code from the activity to determine which tax account Oracle Receivables uses in the Tax Accounting window. Tax is included in the amount of the adjustment (unless the type is Tax).

Invoice
- Oracle Receivables uses the same logic as Activity from above except the tax code from the invoice is used. You must also select Recoverable or Non-Recoverable.

Adjustment Types

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice</td>
<td>To adjust the entire invoice. Can be a negative amount only.</td>
</tr>
<tr>
<td>Line</td>
<td>To adjust lines. Can be positive or negative. Can include tax.</td>
</tr>
<tr>
<td>Tax</td>
<td>To increase or decrease tax amount.</td>
</tr>
<tr>
<td>Charges</td>
<td>Can be used to create finance charges or decrease a finance charge.</td>
</tr>
<tr>
<td>Freight</td>
<td>To increase or decrease freight amount.</td>
</tr>
</tbody>
</table>

Manual Adjustments
Transactions—>Adjustments —>Entering Manual Adjustments
Creating Manual Adjustments

A transaction must have a status of Complete before you can adjust it. Use the Adjustments window to create your adjustments. You must assign a receivables activity to the adjustment in the Activity field. Select a type of Adjustment. Select a Reason for creating this adjustment in the Comments tab. You can also enter comments in the Comments field. Oracle Receivables prints your reasons on the Adjustment Register.

Creating Adjustments

Some transaction types, such as deposits and guarantees, may have the option Allow Overapplication in the Transaction Types window set to NO. This setting prevents a user from entering an adjustment that reverses the sign of a transaction. If the Natural Application Only check box in the Transaction Types window is selected for a transaction type, the Allow Overapplication option is set to NO.

Adjusting Transactions Automatically

Automatic adjustments eliminate remaining balances for invoices, taxes, freight, invoice line items, or finance charges. You can restrict the remaining currency or percentage amounts that can be reduced to zero, based on the user's adjustment approval limits. Approval limits for automatic adjustments work in the same way as manual adjustments.

Creating Automatic Adjustments

The Activity field in the Parameters region determines which GL account is debited to eliminate remaining balances. The Type field determines what type of transactions are affected. Because of the impact of this feature, you should limit its availability to users when setting up Oracle Receivables. If Remaining Amount or % Remaining field is left blank, the amount is unlimited.

Transactions—>Reports —>Adjustment Register
Approving Adjustments

If you enter an adjustment that is outside your approval limits, Oracle Receivables creates a pending adjustment with a status of Pending Approval. To approve adjustments with a status of Pending Approval, change the status of the adjustment to Approved in the Approve Adjustments window. You must have approval limits that are greater than the amount of the adjustment to change the status to Approved in this window.

Transactions—>Adjustments
Adjustment Status  -> Approved, Research required, Rejected, Pending Approval

Accounting Options for Adjustments

Oracle Receivables uses the information defined for the receivables activity assigned to the adjustment to account for the expense or revenue and tax amounts generated by the adjustment, and to determine whether to use a recoverable or nonrecoverable tax account.
Tax can be calculated for all adjustment types except freight.
When you adjust a line, the tax can be adjusted automatically.

Tax Accounting Example

<table>
<thead>
<tr>
<th>Invoice #101</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 1</td>
</tr>
<tr>
<td>Tax for Line 1’</td>
</tr>
<tr>
<td>Receivable account 1210</td>
</tr>
<tr>
<td>*Tax code = VAT @ 20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjustment #90023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax code source = None</td>
</tr>
<tr>
<td>= Activity or Invoice</td>
</tr>
<tr>
<td>Revenue 101</td>
</tr>
<tr>
<td>Tax 1</td>
</tr>
<tr>
<td>Receivable 101</td>
</tr>
</tbody>
</table>

Processing Commitments Not Documented
Applying Receipts

Receipts Overview

Enter receipt → Apply to customer account or invoice → Update customer balance → Clear receipt or Reconcile bank statement

How Receipts Are Part of the Receivables Process

Receipts are created in one of three ways:

- **Manual Receipts**
  - Cash
  - Miscellaneous

- **QuickCash Receipts**
  - Manual
  - AutoLockbox

- **Automatic Receipts**
  - Credit card receipts
  - Bills of exchange
  - Direct debits

Oracle Receivables > Receipts > Quick Cash

Manual Receipts versus QuickCash Receipts

<table>
<thead>
<tr>
<th>Manual Receipts</th>
<th>QuickCash Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can apply receipts using the Applications or Mass Apply window.</td>
<td>Can only apply receipts using QuickCash or AutoCash Rules window.</td>
</tr>
<tr>
<td>Can post receipts information after applying receipts.</td>
<td>Can only post receipts after running the Post QuickCash program.</td>
</tr>
<tr>
<td>Can enter GL Date and Deposit Date at batch level and change dates at receipt level</td>
<td>Can enter GL Date and Deposit Date at batch level, but cannot change dates at receipt level</td>
</tr>
<tr>
<td>Can create adjustments and chargebacks for debit items with applied receipts.</td>
<td>Cannot create adjustments or chargebacks until after receipts are posted.</td>
</tr>
</tbody>
</table>

Applying Receipts to an Invoice

Customer Pays $100 → $100 invoice → $80 Invoice → $80 Applied → On-account No Invoice → $20 Unapplied → Unidentified Customer
Creating batches -> Use batches to define the following default values for a group of receipts
1 Receipt class.(Default values can be changed)
2 Payment method
3 Deposit date
4 GL date

5 Apply date

Oracle Receivables > Receipts > Batching Receipts for Easy Entry

Batch Status
New -> Creating a new batch. The status of the batch changes to out of balance, Open or closed when receipts are committed for the first time.
Out of balance -> Actual count of receipts do not match the control count & amount
Open -> Actual count and amount match the control count & amount, but the batch includes unapplied or unidentified receipts
Closed -> Actual count & amount match the control & amount. All receipts are identified & applied to invoices or applied on account.

Entering Receipts
Cash Receipts : Payment (such as cash or check) that you receive from customers for goods or services.
Statuses -> Applied, On-Account, Unapplied amount, Unidentified, Reversed
Miscellaneous transactions : Revenue earned from investments, interest, refunds & stock sales

Receivables Window

In the Receivables window, you can:
- Enter a receipt
- Specify the customer
- Reverse a receipt
- Apply a receipt to many invoices using mass apply

Apply a receipt to open debit items to reduce the outstanding balance
Use either application or mass apply window to apply receipts
Control who can create adjustments and chargebacks with the profile option AR : Cash - allow actions
Application window can be used for
1 Applying receipt to many invoices
2 Apply a receipt to an invoice in a different currency
3 Create an adjustment to write-off a balance
4 Create a chargeback to create a new transaction
5 Apply discounts.

Mass Applying receipts
1 Apply a receipt to open items automatically
2 Apply receipts based on specified criteria
3 Review receipts before applying them or apply the receipt automatically

Criteria for Mass applying receipts
Balance Due -> Apply receipts to transactions based on the balance due. To pay the largest balances first, use descending order.
Due Date -> Apply receipts based on due date. To pay the oldest balances first, use ascending order.
Invoice date -> Apply receipts in FIFO or LIFO order by sorting on invoice date and using ascending or descending order respectively
Invoice Number -> Use invoice numbers, if they follow a meaningful pattern. eg sort by number.

Entering Discounts
You can review the earned and unearned discounts on the debit items to which this receipt was applied
• Earned discounts are automatically calculated according to the payment terms
• Unearned and partial discounts are entered manually

Use system options, customer profiles, and payment terms to control discount calculation
Use the maximum discount column to view the amount of allowable discount

Oracle Receivables > Receipts > Discounts
Chargeback & adjustments

Entering Chargebacks and Adjustments

You can enter adjustments and chargebacks against transactions to which you are applying a receipt. You can create multiple chargebacks and adjustments against each transaction, for positive or negative amounts.

Chargeback Process

Create invoice $5000

Customer pays $4500

Apply $4500 to Invoice

Close invoice, create chargeback for $500 and send to customer to notify them of outstanding debit

Effects of Creating a Chargeback

Reduces the balance of the invoice to zero and creates an automatic adjustment
Creates a new debit item for the balance of the old debit item with Chargeback transaction type
Due date for the chargeback is controlled by the Chargeback: Due Date Controls system option
Shifting due dates affect the finance charge calculations and the aging of the outstanding amount

Creating an Adjustment

Increases or decreases the balance due on an invoice
Must set the AR: Cash - Allow Actions profile option to Yes
Uses the transaction type of the debit item to determine if an adjustment can alter the sign of the balance for the debit item
Oracle Receivables Implementation - Functional & Technical Overview
Ranu Srivastava

Oracle Receivables > Receipts > Reversing Receipts
Standard Method -> All debit & credit items that were closed by the receipt are reopened. You cannot perform a standard reversal if there has been an activity (adjustment or chargeback) against the receipt.
Debit memo -> Original debit & credit closed by the receipt are not reopened. A new debit memo is created.
Reapplying Receipts -> Using application window to correct previous incorrect receipt applications. Receipts can be reapplied to invoices, debit memos, chargebacks & on-account credits.

Reversing Receipts
Reverse receipts if:
- Customer stops payment
- Nonsufficient funds in customer accounts
- Data-entry errors
You can reverse receipts that have been posted to the General Ledger or that are in a closed period
Use the Reverse window to reverse invoice and non-invoice-related receipts

Applying QuickCash Receipts
Data entry
Select invoices for application
Run Post QuickCash
Review
Updates balances
Entering QuickCash Receipts

Use the QuickCash window to enter manual receipts with a minimum amount of information. Quick Receipts do not update account balances until the Post QuickCash program is run. QuickCash is also used to:

- Import lockbox receipts
- Segregate duties regarding cash collection

Enter batch level information which can default to the receipt. Enter receipt information such as receipt number, receipt date, currency, customer name or number and amount for each receipt in the batch. Enter the invoice number & application types

Autocash rule
- Multiple
- On-Account
- Unapplied
- Unidentified

Specifying the AutoCash Rule Set

If a customer profile class has been assigned an AutoCash rule set, that rule set is used; otherwise, the AutoCash rule set defined as a system option is used.

Possible AutoCash rules include: Apply to the Oldest Invoice First, Clear the Account, Match Payment With Invoice, Clear Past Due Invoices, and Match on Payment Terms

Posting QuickCash Receipts

If you fully apply a receipt to an open invoice, Post QuickCash will process the receipt as well as the application.

If you apply a receipt to an invoice that is closed by another application, Post QuickCash will only process the receipt. The receipt will be marked 'Unapplied'.

Implementing & using Auto LockBox

Process where customers mail payments to a post office box near your remittance bank & the bank deposits the payments in your account at a regular intervals. Bank provides you with computer files
detailing about the receipts & their application. Receivables uses autolockbox to import details about receipts directly into the system.

**Oracle Receivables > Receipts > AutoLockbox**

![Lockbox Cycle diagram](image)

**Benefits**
- Eliminates manual data entry -> Apply receipts to outstanding invoices
- Streamlines the application of receipts of outstanding transactions
- Effectively manages cash flow by reducing turnover for converting checks into cash
- Import historical receipt data
- Autolockbox reports such as Post quick cash execution report for reconciliation
- Autolockbox receipts with bank transmission reports

**Pre-Requisites**
- Setup agreements with bank
- Define lockbox in AR
- Define autolockbox tramission formats
- Define receipt classes & payment methods
- Test autolockbox transmission with bank

**How AutoLockbox Translates Bank Files**

<table>
<thead>
<tr>
<th>Record No.</th>
<th>Cust. No.</th>
<th>Amount</th>
<th>Date</th>
<th>Check No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1049</td>
<td>10,000</td>
<td>10/20/2000</td>
<td>148</td>
</tr>
<tr>
<td>2</td>
<td>1059</td>
<td>500,000</td>
<td>10/20/2000</td>
<td>258</td>
</tr>
</tbody>
</table>

**Example of Bank Transmission Format**

```
Transmission Header
Lockbox 1 Header
  Batch Header
    ----- Receipt 1
    ----- Overflow 1
    ----- Overflow 2
    ----- Overflow 3
    ----- Receipt 2
    ----- Overflow 4
Batch Trailer
Lockbox 1 Trailer
Lockbox 2 Header
Lockbox 2 Trailer
Transmission Trailer
```
Oracle Receivables > Receipts > AutoLockbox

**Importing Receipts**
Data is imported into interface tables
Imported data does not affect AR balances
Import automatically generates the lockbox exception import report
Use report to check imported data

**Validating Receipts**
Transfer does not affect AR amounts
Receivables can use AutoAssociate or a billing address to identify customer
Use the lockbox execution import report to review the validation
Post QuickCash
Data is transferred from quick cash tables to receivables tables
Posting updates the account balances to reflect the imported receipts
View & Update receipts in receipts window

**Receivables applied the receipts matching**
1 Transaction number
2 Sales order number
3 Purchase order number
4 Consolidated bill number
5 User-defined number

Results of AutoLockbox Receipt application
When receivables applies autolockbox receipts ,it partialy applies receipts with invalid transaction numbers
Applies unapplied amounts using autocash rules

---

**Running the Autolockbox Program**

To import and apply receipts using AutoLockbox, you can run each step individually, or you can run them as a group.

- **Define transmission information**
  - Transmission ID
  - Data file
  - Control file
  - Transmission format

- **Define validation information**
  - Lockbox number
  - Report format
  - GL date
  - Pay unrelated invoices?

- **Define posting information**
  - Post partial amounts as unapplied?
Cross Currency AutoLockBox Requirements
Set the AR : Enable cross currency profile option to yes
Define the AR : Cross currency rate type profile option
Define cross currency rounding account & the realize gain/loss amount in the system options window
Define fixed exchange rate relationship in GL

Maintain/Correct & Reolve Errors
Maintaining Auto LockBox Transmission history -> Review before transmission is converted into Quickcash by
1. Identifying invalid records
2. Making appropriate edits
3. Resubmitting records for validation

Correct Transmission Errors by
Using lockbox processing reports to identify records that must be edited
Make changes to records as necessary in the lockbox transmission data window
Run autolockbox to resubmit the data file for validation
Resolve Unapplied receipts on Applications window
Ensure that receipt customer has a bill to location specified

Edit & reapply the receipt as usual

Setup autolockbox, Define cash rules & AR Profiles
Setup bank information
- Arrange for lockbox services with bank
- Notify customer of lockbox address
Setup receipts information
- Define receipt classes & payment methods
Setup lockbox information
- Define lockbox number, bank account & contact information
- Define attributes of lockbox receipts
To setup Autolockbox transmission formats, you must translate bank transmission format for receivables

Defining AutoCash Rules
- Autocash rule sets determine how a quickcash receipt is applied to open debit items
- Enter a sequence for automatically applying receipts
- Select one or more Autocash rules for receipt application from list of autocash rule options

Profile Options
Set the AR :; Enable cross currency profile option to Yes, To apply receipts to transactions of a different currency
Define the AR : Cross currency rate type profile option, to specify the type of exchange rate you want to use to apply cross currency receipts
Set the AR : Create bank charge profile option to Yes, to consider bank charges & a tolerance limit when applying receipts
Processing Automatic receipts

Use automatic receipts to process transactions such as direct debits, factored receivables, and bills of exchange (BOE) through customers' banks. Payments can be directly transferred from a customer's bank on the due date. Collections are assured & bad debits are reduced. Cash flow can be managed more effectively when fund transfers are scheduled in advance.

Oracle Financial Applications >
Oracle Receivables > Receipts > Automatic Receipts

Terms

Customer bank -> Customer funds are automatically transferred from this bank
Remittance bank -> Payments are automatically transferred to this bank
Automatic Receipt -> agreement that enables the transfer of funds from customers' bank to your remittance bank
Factoring -> Short-term financing method that uses account receivable as collateral, usually invoices an intermediary bank or factor
Short-Term debt -> when advance payment is received from a bank or factor for a factored receivable, a short-term debt is created
Risk elimination -> After the customer has made payment on the amount receivable, the risk represented by the short-term debt can be eliminated.

**Automatic Receipt Process**

1. Create automatic receipts
2. Approve automatic receipts
3. Format automatic receipts
4. Remit receipts
5. Sends receipts to customer
6. Receives payment from customer

**Prerequisites for Automatic Receipts**

- Agreement with customer
- Setup and assign customer and remittance bank accounts
- Create a receipt class and payment method
- Assign payment method to a customer
- Create automatic receipts
- Create an invoice flagged for this payment

**Setup considerations**

1. Create customer bank account
2. Setup document sequencing
3. Setup automatic receipt class
4. Assign bank to customers
5. Assign payment methods to customers
6. Setup remittance banks
Flagging Transactions for Automatic Receipts

To flag a debit item for automatic receipt:
- Enter information on paying customer
- Specify a payment method and receipt class with an Automatic Creation method

Customer bank account currency and invoice currency must be the same

If automatic receipts have different currencies, set the banks’ “Multiple Currency Receipts” flag to Yes

Automatic Receipts program selects all completed transactions for that customer and creates receipts

Using Automatic Receipts

Automatically generates receipts for customers with whom you have an existing agreement. Defines the entire receipt creation & completion process. Can reverse & reapply automatic receipts. Collects payments on time and manages your customer risk. Controls the amount you remit to your bank accounts.

Setting the profile option
Set the AR : Automatic receipt creation authority profile option so your users can create, approve or format automatic receipts in one or more steps.
Create(3 steps) : enforces maximum control for the organization
Format(2 steps) : Appropriate for companies with non-standard collections procedures
Approve(1 step) : Fastest and simplest. Used when payments are collected in a recurring, standardized fashion.

Automatic Receipts Batch Process

Specify payment method
- Receipt class
- Payment method

Specify currency information
- Currency
- Exchange rate

Select an action
- Create
- Approve
- Format

Specifying Payment Methods

Determines how to account for receipts and receipt applications. Determines how to remit receipts. Use the receipt batches window to define payment methods for automatic receipts. Only automatic payment method can be associate with invoices.

Oracle Financial Applications > Oracle Receivables > Receipts > Automatic Receipts > Manually Entering Automatic Receipts (L) Define Payment Methods

If you remit in multiple currencies you must define at least one remittance bank per currency.
Selecting an action
Depending on authority level (determined by AR: Automatic receipt creation authority profile), select one or more receipt actions.
1 Create: You can select the invoices to include in your automatic receipts.
2 Approve: Update, delete & approve selected receipts.
3 Format: Format automatic receipts for paper or electronic media. Send formatted receipts to customers for notification or confirmation before remitting the receipts to bank.

Formatting Automatic Receipt batches:
- For sending receipt batch to customers for notification before remitting the receipts to bank. Automatic receipt batches can be formatted any number of times & used to view the formatted receipt output. Use automatic print program field of the receipt classes window to select the receipt format.

Confirming Automatic receipts
When a customer confirms a receipt, the customer indicates that receipt was reviewed & that payment information is correct. If you want customer to confirm a receipt, you must set the Require confirmation option to yes. Bill of exchange (BOE) is the only type of receipt that requires confirmation. When a receipt that requires confirmation is confirmed, receivables automatically closes the invoice for which it was created. You cannot update a receipt after it has been confirmed. Use remittance batches to initiate the transfer of funds for receipts after confirmation.

Recording Customer confirmations:
- To flag automatic receipts for confirmation, select the require confirmation check box for the receipt class that is assigned to the receipt's payment method. You can record receipt confirmations individually or in the batches. After you record a confirmation, receivables updates the customer balance & invoice balance. Use the automatic receipts awaiting confirmation report to view the list of automatic receipts waiting for confirmation.

Updating Automatic receipts
- Only update receipts with approved status, you cannot update receipts with confirmed status. You can update the following receipt information:
  - Invoice application amount
  - Exchange rate
  - Maturity date
  - Remittance bank
  - Customer bank information
- You can change maturity date & bank information up to the time receipts are selected for remittance.

Sending Automatic Remittances
- Remitting receipts initiates transfer of payment from your customers. Like the automatic receipt creation process, you must create, approve & format remitted receipts. If the receipts Multi-Currency field is set to yes, you can remit cross currency receipts. Using following two ways:
  1 Standard remittances
  2 Factored remittances

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>One per customer</td>
<td>Creates one payment per customer.</td>
</tr>
<tr>
<td>One per customer and due date</td>
<td>Creates several payments for a customer if a customer’s invoice has several due dates.</td>
</tr>
<tr>
<td>One per site</td>
<td>Creates one payment per site.</td>
</tr>
<tr>
<td>One per invoice</td>
<td>Creates one payment per invoice</td>
</tr>
<tr>
<td>One per site and due date</td>
<td>Creates one payment per customer site and due date.</td>
</tr>
</tbody>
</table>
To verify that money was transferred you must reconcile your bank statements.

**Processing Credit Card Receipts**

**Credit Card Receipt Process**

Benefits/Usage of credit card processing:
Automates receipt process for credit card transactions. Enables you to decide when, where and how much you should remit to your bank or credit card processor. Speeds cash flow & minimizes customer risk. Increases flexibility of customer payment options. Does not support automatic refunds. Credit card receipt entry methods -> Manually enter receipts on transactions window, import receipts using autoinvoice.

To flag a manual invoice for credit card payment, specify paying customer information. Select a pre-defined credit card payment method. Enter a bank name of credit-card, card number & expiration date.

**Imported receipts** can be imported from Order management or self service web applications using autoinvoice. Imported receipts must have a credit card payment type & Profile AR: Enable credit card preprocessor profile option to yes.
Creating & Approving automatic Receipt batches

To create automatic receipt batches -> Select credit card receipt class & payment method. If you want to create a separate batch for each credit card vendor, specify a bank account range. To approve automatic receipt batches set AR: Automatic receipt creation profile to Approve or Format.

**AR> Transactions > Credit Cards > Processing Credit Card Transactions**

Partially Applying Payments if the invoice -> Has not been selected by autoreceipt (once a receipt is selected by automatic receipt you cannot apply cash manually), Has been marked to be paid by credit card, Has automatic payment method, Is created with installments.

**Remitting credit card Receipts**

Create a remittance batch -> Receivables marks successfully captured receipts as remitted. Receipts that fail authorization or capture are removed from the batch and appear in the exceptions section of the
automatic receipts & remittances execution report.

Oracle Financial Applications > Transactions > Credit Cards > Processing Credit Card Transactions

Approval Process

1. Review authorization field
2. Generates iPayment Order ID
3. Generates authorization code and iPayment Order ID
4. Obtains authorization
5. Records authorization code and iPayment Order ID
6. Automatic Receipts and Remittances Execution Report
7. Oracle iPayment

Implementation Considerations for Credit Card Processing

Install Oracle iPayment 3i
Create and approve the automatic receipt and remittance batch in a timely manner
Updates to an invoice that changes the amount of an authorized transaction may cause a failure in the automatic receipt process
Credit card fees may affect reconciliation of bank statements since receipts will have fees included

AR > Oracle Financial Applications > Setting Up > Credit Cards

Setting Up Credit Card Receipts

Define a remittance bank
Define a receipt class for automatic receipts
Define a payment method
Enable document sequencing
Create a customer bank account (optional)
Assign customer bank account and payment method to customer record (optional)
Set the ICX: Oracle Payment Server URL and the AR: Mask Bank Account Number profile options
Remitting Customer Receipts

Remittance is a receipt that you want to deposit to the bank, similar to deposit slip. Use remittances to initiate the transfer of payments from your customer. You can control your remittance process by having different people create, approve & format remittances in separate steps or by having one person remit in a single step through a remittance batch to submit multiple remittances at the same time.

Creating Remittance batches

Remittance batch groups receipts for deposit or transfer of funds. You can create one batch per bank account or per clearing institution. Receipts are included in the batch by maturity date followed by amount. You can specify an amount range for the batch. If the total amount of receipt in the batch does not fall within the specified amount range, the AR would not create a batch. Receipts must have a status of either approved or confirmed to be included in a remittance batch.

AR > Receipts > About Remittances > Creating Remittance Batches

Receipt Statuses

- Approved -> Receipt is approved for automatic receipt creation, receipt can be remitted.
- Confirmed -> For manually entered receipt, this receipt requires remittance. For receipts, this receipt is confirmed & requires remittance to clear. Receipt can be remitted.
- Remitted -> Receipt has been remitted
- Cleared -> Payment of receipt has been transferred to your bank account and the bank statement has been reconciled. Receipt can not be remitted.
- Reversed -> Receipt has been reversed. Receipt can not be remitted.

Remittance Batch Vs Receipt batch

<table>
<thead>
<tr>
<th>Remittance Batch</th>
<th>Receipt batch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group of receipts remitted to bank together</td>
<td>Group of receipts entered together</td>
</tr>
<tr>
<td>Includes receipts for the same bank account</td>
<td>Can include receipts for different bank accounts</td>
</tr>
</tbody>
</table>

AR allows to remit following three types of receipts
1. Manual Receipts
2. Automatic receipts
3. Automatic receipts with confirmation.
Accounting Treatment of Receipts

1. Enter invoices
   - Dr. Accounts receivable
   - Cr. Revenue account

2. Create manual receipts
   - Dr. Confirmation account
   - Cr. Accounts receivable

3. Create automatic receipts
   - Dr. Confirmation account
   - Cr. Accounts receivable

4. Create automatic receipts that require confirmation
   - Confirm
   - Dr. Confirmation account
   - Cr. Accounts receivable

Remittance Methods

- Standard Remittances: Bank transfers funds from the customer's bank account to your account.
  - For automatic receipts, bank transfers funds on the receipt maturity date.
  - For manual receipts, bank credits your account when the customer's check clears.
- Factored Remittances: Bank lends you money against future receipts.
  - For automatic receipts, money is lent before the maturity date.
  - For manual receipts, money is lent before the customer's check clears.

Setting Up Remittances

To set up remittances, you must do the following:

1. Define receipt class, payment method, and remittance bank
2. Create manual or automatic receipts

Defining Receipt Classes

To remit a receipt, you must first create a receipt class and define the following:

1. Creation method: automatic, manual
2. Remittance method: Standard, Factored or Standard and factored
3. Clearance Method: By automatic clearing or by matching.
Controlling Remittance Process
Use function security to control how you want users to remit receipts: in one step or in several steps. Define receipt selection criteria for remittance batches. Require confirmation for automatic receipts. Review receipts before approving them for remittance. Format remittance to print or transfer them to a data file.

Creating Remittance Batches
You can specify the following information for each remittance batch:
- Currency
- Batch and GL dates
- Payment method
- Receipt class
- Remittance bank
- Remittance method
- Remittance bank account
- Receipt selection criteria

Use Maturity Date as an optional selection criteria to reduce risk for factored remittances

Formatting Remittances
Remittance formats are assigned in the payment method for the bank
Use the Remittance Transmission Program and the Remittance Print Program or your own program to format standard remittances
Use the Factoring Transmission Program and the Factoring Print Program to format factored remittances
To initiate the transfer of funds, send the printout or data file to your remittance bank

Reviewing remitted receipts
Printed reports Automatic clearing for receipts execution report
Automatic receipts & remittance execution report

Period Closing Process
Accounting information is transferred from Inventory and Receivables to the General Ledger. The Order Management and Cash Management applications do not send information directly to the General Ledger. It is sent to other applications which then transfer it to the General Ledger.
Overview of Ordering to Period Closing

This is an example of the flow of sales orders to the General Ledger. Some orders may not follow the complete cycle or may come from other applications. The orders in the example are shipped, inventory is decremented, they are invoiced and receipts are posted. To finish the process and close the period, they must be reviewed and transferred to the GL.

Standard reports:

Inventory & Receivables provide a comprehensive set of report & listings. Use the reports to review & reconcile transactions receipts, journals & customer balances. Use the material account distribution detail or summary report to:

- View the accounts charged for inventory transactions
- Reconcile to the inventory accounting transferred to the GL

Reconciling Receivables Transactions, Receipts, and Customer Balances

(N) > Reports > Accounting

Use the AR Reconciliation Report to start the reconciliation process. It will provide a summary of your customer, transaction, receipt, and account balances for the period that you specify. It can give you a starting point to identify areas that need research. Use these reports to get the detailed information:

- **Sales Journal By Customer** – Use to review all transactions.
- **Transaction Register** – Use to check that all items that can be posted are reflected on the Sales Journal. The Sales Journal balance should match the total of the transactions here after adding the credit memo total twice (because it is a negative on the Transaction Register and a positive on the Sales Journal).
Oracle Receivables Implementation - Functional & Technical Overview
Ranu Srivastava  http://apps2fusion.com

• Receipts Register – Use to review a list of receipts.
• Sales Journal By GL Account – Use to ensure that the Transaction Register matches the Sales Journal.
* Journal Entries Report – Use to review the details that make up the general ledger journal entries.
• Aging Report – Use the last day of the prior month to get the outstanding opening balance.
• Transaction Detail Report – Use to identify transactions that increase the outstanding opening balance.
• Adjustments Register – Use to identify any adjustments that affect the transactions for the month.
• Unapplied Receipts Register – Use to determine customer balance after taking into account all on-account and unapplied amounts
• Applied Receipts Register – Use to identify receipts that reduce the outstanding opening balance.
• Invoice Exceptions Report – Use to identify transactions that reduce the outstanding opening balance.

This report shows all transactions where the Open Receivables flag is set to No. Therefore, the transactions do not display on the aging but do show in the Transaction Register. This can occur when an item can be ordered in Order Management but not invoiced, such as an internal item.

Running Revenue Recognition
(N) > Control > Accounting > Revenue Recognition  The revenue recognition program will automatically run prior to the General Ledger transfer process. You can run the Revenue Recognition program manually at any time as well. The program is run to generate the revenue recognition schedule for invoices with accounting rules. Distributions are created and will pass to the General Ledger during the appropriate accounting period. This is an essential process in accrual-based accounting.
Transferring to the General Ledger

(N) > Accounting Close Cycle > General Ledger Transfers
The General Ledger Interface program populates the GL_Interface tables with Oracle Inventory transaction data. The data can be transferred in detail or summary format. The GL dates are used to specify the data to be transferred. The General Ledger Interface automatically runs when the period is closed. The transactions may not balance if:
- Transfers from Order Management are not completed before closing or totally fail when imported.
- The General Ledger account is changed to an invalid number before transfer.
- Other General Ledger Journal Entries are entered that affect the Inventory accounts
- Reports are run prior to all activity being completed

Receivables, Vision Operations (USA)
(N) > Interfaces > General Ledger
The General Ledger Interface program populates the GL_Interface tables with Oracle Receivables transaction data. The data can be transferred in detail or summary format. The GL start and end dates are used to specify the range of data to be transferred. The General Ledger Interface produces an execution report that shows the total debits and credits transferred from Receivables into the GL Interface table. Compare this report to the Sales Journal and Receipts Journal totals to verify that they match. The transactions may not balance if:
- Reports are run with different date ranges
- The General Ledger account is changed to be invalid before the transfer
- Other General Ledger Journal Entries affect the Receivable accounts

Running the Journal Import Program
The journal import program takes the information from the GL Interface table and populates the GL_JE_BATCHES, GL_JE_HEADER, and GL_JE_LINES tables. The journal import program may be run automatically from AR by selecting Yes to Run Journal Import in the GL Interface window. It is normally run by personnel in the General Ledger application. The journal entries that were created by the import program must be posted to update the account balances.
Mapping Receivables Transactions to General Ledger Categories

<table>
<thead>
<tr>
<th>Oracle Receivables Transactions</th>
<th>Category in General Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit Memos</td>
<td>Debit Memos</td>
</tr>
<tr>
<td>Credit Memos</td>
<td>Credit Memos and Credit Memo Applications</td>
</tr>
<tr>
<td>On-Account Credits</td>
<td>Credit Memos</td>
</tr>
<tr>
<td>Invoices</td>
<td>Sales Invoices</td>
</tr>
<tr>
<td>Chargebacks</td>
<td>Chargebacks</td>
</tr>
<tr>
<td>Receipts</td>
<td>Trade Receipts</td>
</tr>
<tr>
<td>Adjustments</td>
<td>Adjustments</td>
</tr>
<tr>
<td>Guarantees</td>
<td>Sales Invoices</td>
</tr>
<tr>
<td>Miscellaneous Transactions</td>
<td>Miscellaneous Receipts</td>
</tr>
<tr>
<td>Deposits</td>
<td>Sales Invoices</td>
</tr>
</tbody>
</table>

Tax Accounting Process

Order Management Global Taxes Overview

This diagram is an overview of the tax process in Oracle Order Management. Tax Codes and Tax Groups are assigned to items, customers, and sites, then use defaults and other setup options to enter a tax estimate on the sales order.

- Implement global taxes for each operating unit.
- Use the same setup steps in both Order Management and Receivables.
- Assign tax codes to customers.
- Estimate tax for orders at the time of order entry.
- Define US Sales tax calculation based on customer ship-to address.
- For Order Management and Receivables, you can enter either a Tax Code or a Tax Group in the Tax Code field (for example, in the Customers - Standard window).
Oracle Receivables Implementation - Functional & Technical Overview
Ranu Srivastava

Receivables Global Tax Overview
This diagram is an overview of the tax process in Oracle Receivables. Tax Codes and Tax Groups are assigned to items, customers, and sites, or revenue account, then use defaults and other setup options to default to the transaction to enable tax calculation. The main differences is tax estimations are created in Order Management versus the tax calculations created in Oracle Receivables.

Other Products
Tax calculation can involve other products, such as Oracle Projects and Oracle Order Capture. Certain Customer Relationship Management (CRM) products use Order Capture to call the Tax Engine and interface into Oracle Order Management. AutoInvoice involves calling the Tax Engine and then AutoAccounting to create the GeneralLedger account numbers when importing information from Order Management or Projects to create invoices.

Global Tax Overview
With country specific setups, the Order to Cash process can be automated and enable Receivables to control all the tax calculations, accounting, and reporting.
• Value Added Tax (VAT) - Imposed on the value added to goods or services at each stage of their supply.
• Goods and Services Tax (GST) - Sales tax levied on many consumer products and professional services.
• Latin America - The Latin Tax Engine is an Oracle Global Financials feature used to meet special tax needs in Latin American countries.
• Canada - Goods and Services Tax (GST), Harmonized Sales Tax (HST), and Provincial Sales Tax (PST) are sales taxes at the federal or provincial level.
• Japan - Consumption tax is VAT paid on an expense (input tax) that is recoverable against the VAT charged on revenue (output tax).
• Norway - Investment tax applies to certain items that are purchased for use or consumption by a VAT-registered entity.

**Tax Overview**

Oracle Order Management and Oracle Receivables process Output Tax, which is charged on the supply of taxable goods and services, for example, on customer invoices or revenue items. You should report Output Tax whenever you account for sales. Oracle Payables and Oracle Purchasing process Input Tax, which is paid on supplier invoices.

• Input tax: What you pay your tax authority via supplier invoices.
• Output tax: What you receive from customers and then pay to your tax authority.
• Amount Due to the Tax Authority consists of Output Tax on customers invoices minus any Recoverable Input Tax on supplier invoices.

**Value Added Tax Overview**

Value Added Tax (VAT) is imposed on the supply of goods and services paid for by the consumer, but collected at each stage of the production and distribution chain. The VAT charged on a customer invoice is called Output Tax. Any VAT paid on a vendor invoice is called Input Tax. The amount due each period can be described as follows: Amount Due = Output Tax – Input Tax.
US Sales Tax Overview
In general, the following are the series of steps in the US Sales tax cycle.

• The amount that the customer pays a supplier includes US Sales tax, if applicable.
• The supplier is responsible for remitting the sales tax to the state tax authority.
• Sales tax may not be applicable if the product is not taxable in the relevant tax jurisdiction.
• The state and local tax jurisdictions collect sales tax from suppliers.

Tax Partner Process Overview
The United States (US) Tax Partner Solutions let you provide for complex tax calculation needs while retaining the full power of Receivables to create and store all other tax data. Receivables will use this information to create the appropriate tax line(s) and related accounting information.

• Tax information stored in Receivables tax tables passes to the tax partner.
• The Tax Partner Solution is called whenever a tax rate is calculated by the Receivables Tax Engine.
• The Tax Partner returns a tax rate and tax amount for every invoice line.
• AutoAccounting then generates account distribution tax lines based on the tax information that the Tax Partner returned.

Oracle integrates with these partner products:
Taxware Sales Use Tax System (PLSQL)
Vertex Quantum for US Sales & Use Tax (PLSQL)

Note: The integration supports US Sales tax only. Beginning with Oracle Release 11.5.7, Taxware and Vertex software is bundled with Oracle Applications.
For customers who are using Oracle Applications prior to 11.5.7, you can apply patch number 1907271.

Tax partners integrate with:
• Oracle Receivables  • Oracle Order Management  • Oracle Order Capture
• Oracle iStore  • Oracle Sales
Oracle Applications supports other types of tax:
Recoverable and Non-Recoverable Input Taxes: See Oracle Purchasing or Payables User Guides.
EU Acquisition and Reverse Charge Taxes
Deferred Output Taxes: Used in countries that allow deferring recognition of tax until payment of invoices.
Withholding Taxes: Used in Oracle Payables to withholding taxes from suppliers in compliance with IRS or local authorities’ orders.
Goods and Service Tax: Sales tax levied on many consumer products and professional services.
Canadian Government, Provincial, and Harmonized Sales Tax
Sales Equalization Taxes
Investment Taxes
Excise Duties
Latin and South American Tax regimes: Brazilian ICMS, IPI, Tributary Substitutions; Argentine VAT Perception, Turnover Perception; Colombian VAT.
For countries such as France, Italy, and Russia, Oracle Receivables supports deferral of Output Tax liability until payment has been collected.
For cross border drop shipments within Europe, Oracle Receivables/Order Management/Order Capture support automatic defaulting of one or more applicable taxes.
In Receivables, you can calculate and account for multiple tax regimes, levying additional taxes such as Surcharges, Excise, and Sales Equalization taxes as required.
The Latin Tax Engine in Oracle Receivables can calculate and report taxes in the local tax regimes for taxes levied in your order-to-cash cycle.
Other Taxes in Oracle Applications

- Recoverable and Non-Recoverable Input Taxes
- EU Acquisition and Reverse Charge Taxes
- Deferred Output Taxes
- Withholding Taxes
- Goods and Service Tax
- Canadian Government, Provincial, and Harmonized Sales Tax
- Sales Equalization Taxes
- Investment Taxes
- Excise Duties
- Latin and South American Tax regimes

Quick Reference

Accounting Invoices
When you enter a regular invoice through the Transactions window, Receivables creates the following journal entry:

DR Receivables
   CR Revenue
   CR Tax (if you charge tax)
   CR Freight (if you charge freight)

If you enter an invoice with a Bill in Arrears invoicing rule with a three month fixed duration accounting rule, Receivables creates the following journal entries: In the first period of the rule:

DR Unbilled Receivables
   CR Revenue

In the second period of the rule:

DR Unbilled Receivables
   CR Revenue

In the third and final period of the rule:

DR Unearned Revenue
   CR Revenue

DR Receivables
   CR Unbilled Receivables
   CR Tax (if you charge tax)
   CR Freight (if you charge freight)

If you enter an invoice with a Bill in Advance invoicing rule, Receivables creates the following journal entries: In the first period of the rule:

DR Receivables
   CR Unearned Revenue
   CR Tax (if you charge tax)
   CR Freight (if you charge freight)

DR Unearned Revenue
   CR Revenue

In all periods of the rule for the portion that is recognized.

Accounting Credit Memos
When you credit an invoice, debit memo, or chargeback through the Credit Transactions window, Receivables creates the following journal entry:
DR Revenue
DR Tax (if you credit tax)
DR Freight (if you credit freight)
CR Receivables (Credit Memo)
DR Receivables (Credit Memo)
CR Receivables (Invoice)

When you credit a commitment, Receivables creates the following journal entries:
DR Revenue
CR Receivables

Accounting Deposits
DR Receivables (Deposit)
CR Offset Account

Use the AR: Deposit Offset Account Source profile option to determine how Receivables derives the Offset account to credit for this deposit. When you enter an invoice against this deposit, Receivables creates the following journal entries:
DR Receivables (Invoice)
CR Revenue
CR Tax (if you charge tax)
CR Freight (if you charge freight)
DR Offset Account (such as Unearned Revenue)
CR Receivables (Invoice)

When you apply an invoice to a deposit, Receivables creates a receivable adjustment against the invoice. Receivables uses the account information that you specified in your AutoAccounting structure to create these entries. When cash is received against this deposit, Receivables creates the following journal entry:
DR Cash
CR Receivables (Deposit)

Accounting Guarantees
When you enter a guarantee, Receivables creates the following journal entry:
DR Receivables
CR Revenue

Receivables uses the Receivable Account and Revenue Account fields on this guarantee’s transaction type to obtain the accounting flexfields for the Unbilled Receivables and Unearned Revenue accounts, respectively. When you enter an invoice against this guarantee, Receivables creates the following journal entry:
DR Receivables (Invoice)
CR Revenue
CR Tax (if you charge tax)
CR Freight (if you charge freight)

When you apply an invoice to a guarantee, Receivables creates a receivable adjustment against the guarantee. Receivables uses the account information you specified in your AutoAccounting structure to create these entries. When cash is received against this guarantee, Receivables creates the following journal entry:
DR Cash
CR Receivables (Invoice)

Accounting Receipts
When you enter a receipt, Receivables creates the following journal entries:
DR Cash
CR Receivables

When you fully apply a receipt to an invoice, Receivables creates the following journal entry:
DR Cash
DR Unapplied Cash
CR Unapplied Cash
CR Receivables

Note: These examples assume that the receipt has a Remittance Method of No Remittance and a Clearance Method of Directly.

When you enter an unidentified receipt, Receivables creates the following journal entry:
DR Cash
CR Unidentified

When you enter an on-account receipt, Receivables creates the following journal entry:
DR Cash
CR Unapplied
DR Unapplied
CR On-Account
When your receipt includes a discount, Receivables creates the following journal entry:
DR Receivables
CR Revenue
DR Cash
CR Receivables
DR Earned/Unearned Discount
CR Receivables
Receivables uses the default Cash, Unapplied, Unidentified, On-Account, Unearned, and Earned accounts that you specified in the Remittance Banks window for this receipt class. When you enter a receipt and combine it with an on-account credit (which increases the balance of the receipt), Receivables creates the following journal entry:
DR Cash
CR Unapplied Cash
To close the receivable on the credit memo and increase the unapplied cash balance, Receivables creates the following journal entry:
DR Receivables
CR Unapplied Cash
When you enter a receipt and combine it with a negative adjustment, Receivables creates the following journal entries:
DR Cash
CR Receivables (Invoice)
DR Write-Off
CR Receivables (Invoice)
You set up a Write-Off account when defining your Receivables Activity. When you enter a receipt and combine it with a positive adjustment, Receivables creates the following journal entries:
DR Cash
CR Receivables (Invoice)
DR Receivables (Invoice)
CR Write-Off
When you write off the unapplied amount on a receipt, Receivables creates the following journal entries:
DR Unapplied Cash
CR Write-off
When you enter a receipt and combine it with a Chargeback, Receivables creates the following journal entries:
DR Cash
CR Receivables (Invoice)
DR Receivables (Chargeback)
CR Chargeback (Activity)
DR Chargeback (Activity)
CR Receivables (Invoice)
You set up a Chargeback account when defining your Receivables Activity. To move funds between receipts, you can apply one receipt to another open receipt (also called netting receipts). For example, you can move funds from Receipt 1 to Receipt 2 by opening Receipt 2 in the Applications window, and selecting Receipt 1 in the Apply To field.
Following the example above, Receivables creates these journal entries:
DR Unapplied Cash (Receipt 1)
CR Netting (Receipt 1)
DR Netting (Receipt 2)
CR Unapplied Cash (Receipt 2)
After this receipt-to-receipt application completes, Receipt 2 gains additional funds that you can then apply to a debit item. You set up a Netting account when defining your Receivables Activity.
Important: When netting receipts, both receipts must be in the same currency.
Accounting Remittances
When you create a receipt that requires remittance to your bank, Receivables debits the Confirmation account instead of Cash. An example of a receipt requiring remittance would be a check before it was cashed. Receivables creates the following journal entry when you enter such a receipt:
DR Confirmation
CR Receivables
You can then remit the receipt to your remittance bank using one of the two remittance methods: Standard or Factoring. If you remit your receipt using the standard method of remittance, Receivables creates the following journal entry:
DR Remittance
CR Confirmation
When you clear the receipt, Receivables creates the following journal entry:
DR Cash
If you remit your receipt using the factoring remittance method, Receivables creates the following journal entry:

DR Factor
CR Confirmation

When you clear the receipt, Receivables creates a short-term liability for receipts that mature at a future date. The factoring process lets you receive cash before the maturity date, and assumes that you are liable for the receipt amount until the customer pays the balance on the maturity date. When you receive payment, Receivables creates the following journal entry:

DR Cash
DR Bank Charges
CR Short-Term Debt

On the maturity date, Receivables reverses the short term liability and creates the following journal entry:

DR Short-Term Debt
CR Factor

**Accounting Adjustments**

When you enter a negative adjustment against an invoice, Receivables creates the following journal entry:

DR Write-Off
CR Receivables (Invoice)

When you enter a positive adjustment against an invoice, Receivables creates the following journal entry:

DR Receivables (Invoice)
CR Write-Off

**Accounting Debit Memos**

When you enter a debit memo in the Transactions window, Receivables creates the following journal entries:

DR Receivables
CR Revenue (if you enter line amounts)
CR Tax (if you charge tax)
CR Freight (if you charge freight)

DR Receivables
CR Finance Charges

**Accounting On-Account Credits**

When you enter an on-account credit in the Applications window, Receivables creates the following journal entry:

DR Revenue (if you credit line amounts)
DR Tax (if you credit tax)
DR Freight (if you credit freight)

CR Receivables (On-account Credit)

Receivables uses the Freight, Receivable, Revenue, and Tax accounts that you specified in your AutoAccounting structure to create these entries. Once the on-account credit is applied to an invoice, the following journal entry is created:

DR Receivables (On-account Credit)
CR Receivables (Invoice)

**Accounting Creating a credit card refund**

When you unapply a receipt and reapply the receipt to a credit card refund, Receivables creates these journal entries:

DR Receivables
CR Unapplied

DR Unapplied
CR Receivable Activity (Clearing Account)

After you apply the receipt to a credit card refund, Receivables automatically creates a negative miscellaneous receipt in the amount of the refund and creates this journal entry:

DR Receivable Activity (Clearing Account)
CR Cash

**Accounting Reversing a credit card refund**

When you reverse a credit card refund, either by reversing the negative miscellaneous receipt or by unapplying the credit card refund activity, Receivables creates this journal entry for the negative miscellaneous receipt:

DR Cash
CR Receivable Activity (Clearing Account)

and Receivables creates this journal entry for the original payment receipt:

DR Receivables Activity (Clearing Account)
CR Unapplied

**Accounting Claims**

**Creating an invoice related claim**
When you record an invoice related short payment as a claim in the Applications window, Receivables creates the standard accounting entries for the invoice and for the receipt application. There are no additional accounting entries for the invoice related claim.

**Creating a non-invoice related claim**

When you record a non-invoice related short payment or over payment as a claim investigation application in the Applications window, Receivables creates these journal entries:

- **DR Claim Investigation**
- **CR Unapplied Cash**

Receivables derives the accounting flexfield for the claim investigation application from the receivable activity that you assigned in the Applications window.

---

**Appendix**

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**Receipts Workbench**

- **Batch Type:** Automatic
  - Approve
  - Format
  - Maintain

- **Batch Type:** Manual Quick
  - Post QuickCash
  - Review Receipts
  - Apply to Multiple

- **Batch Type:** Manual Regular
  - Add, Delete, or Review Receipts

**Remittance Windows**

- **Remittances (New Batch)**
  - AutoCreate
  - Manual Create

- **Remittances (Existing Batch)**
  - Approve
  - Format
  - Receipts

**AutoLockbox Windows**

- **Lockbox Transmission Data**
- **Transmission History**

---

**Search and Apply**

- **Confirm**
- **Reverse**
- **Applications (Cash Receipts)**
- **Distributions (Miscellaneous Receipts)**

---

**Receipt Batches**

- **Find**

---

**Receipts Summary**

- **Find**

---

**Receipts**

- **Find**

---

**Remittance Windows**

- **Find**

---

**Remittances Summary**

- **Find**
General Ledger Date Derivation for Invoices without Rules

GL date in table?

Yes

Use it

No

Derive date?
(Batch Source Option)

Yes

Ship Date Actual?

Yes

GL date

No

Sales Order date in table?

Yes

GL date

No

GL date

Default Date on Run AutoInvoice window

Ship date
**Bill in Advance Entries**

**Invoice**

$3000

- Invoicing Rule = Bill in Advance
- Accounting Rule = 3 Month Fixed Duration

**January**

**February**

**March**

<table>
<thead>
<tr>
<th>Dr. Receivables</th>
<th>Cr. Unearned Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>3000</td>
<td>3000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dr. Unearned Revenue</th>
<th>Cr. Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dr. Unearned Revenue</th>
<th>Cr. Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dr. Unearned Revenue</th>
<th>Cr. Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td>1000</td>
</tr>
</tbody>
</table>
Automatic Receipts

Flag Invoices
- Enter Invoices

Create Receipts
- Create Automatic Receipts
- Approve Automatic Receipts
- Format Automatic Receipts

Confirm Receipts
- Confirm Automatic Receipts

Remit Receipts
- Create Remittances
- Approve Remittances
- Format Remittances

Clear Receipts
- Reconcile Receipts

Eliminate Risk
- Eliminate Risk (Factored Receipts)
Oracle Receivables Implementation - Functional & Technical Overview

Ranu Srivastava  
http://apps2fusion.com

**Feeder System**

Use an import program to format and load data into Customer Interface Tables.

**RA_CONTACT_PHONES_INTERFACE**  **RA_CUSTOMER_PROFILES_INTERFACE**

**RA_CUSTOMERS_INTERFACE**  **RA_CUSTOMER_BANKS_INTERFACE**  **RA_CUST_PAY_METHOD_INTERFACE**

Submit Customer Interface to validate data and transfer it to Customer tables.

**Customer Tables**

---

**Oracle Receivables**

Run General Ledger Interface

Select transaction data from:

- AR_ADJUSTMENTS_ALL
- AR_DISTRIBUTIONS_ALL
- AR_CASH_BASIS_DISTS_ALL
- AR_CASH_RECEIPT_HISTORIES_ALL
- AR_MISC_DISTRIBUTIONS_ALL
- AR_RECEIVABLE_APPLICATIONS_ALL
- RA_CUST_TRX_LINES_GL_DIST_ALL

**Posting Detail = Detail**
Create at least 1 Journal Entry for each Transaction

**GL_INTERFACE table**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trx 101</td>
<td>10,000</td>
</tr>
<tr>
<td>DR Receivables</td>
<td>4,500</td>
</tr>
<tr>
<td>CR Revenue</td>
<td>5,500</td>
</tr>
</tbody>
</table>

Generate Posting Execution Report and Unposted Items Report.

---

**Oracle General Ledger**

Create Unposted Journal Batches in GLJE_LINES, GLJE_HEADERS, GLJE BATCHES

Submit Post Journals Program

---

Run Journal Import (system option)

End (run Journal Import from General Ledger)
Reconciling GL

START

Run AR Reconciliation Report

Correct Setup & Fix Individual Transactions

Run Potential Reconciling Items Report

Review Potential Reconciling Items for Setup issues

Yes

No

Reconciling Items?

Run GL Transfer Program