

Customer Adjustment, Refund, Cancellation and Write-off Processes for Non-Sponsored AR

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Overview

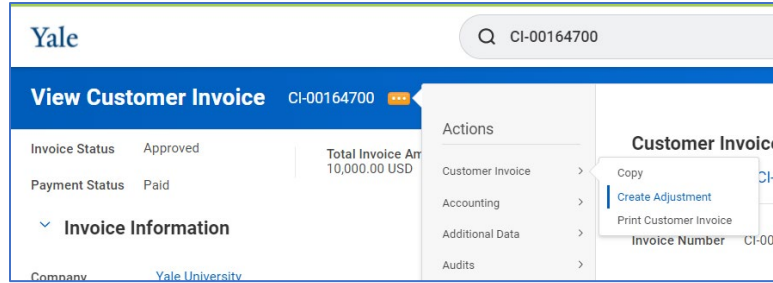
This accounting manual guidance relates to and should be used in conjunction with university policy [2100 Revenue Principles, General](#) and accounting manual document [Non-Sponsored AR Accounting and Guidance](#). This document is focused on non-sponsored Accounts Receivable (“NSAR”) where a customer invoice is created for accounts that are not associated with grants on [funds](#) FD02 or FD28. This customer invoice or NSAR process may be used only for unrestricted Yale Designated accounts (FD01, FD02, FD18) or industry clinical trials (FD29).

A customer refund occurs after an invoice has been created/approved and after payment has been applied to that invoice. The process for a refund has two phases: an invoice adjustment that is initiated by the invoicing department and a customer refund that is initiated by the Controller’s Office.

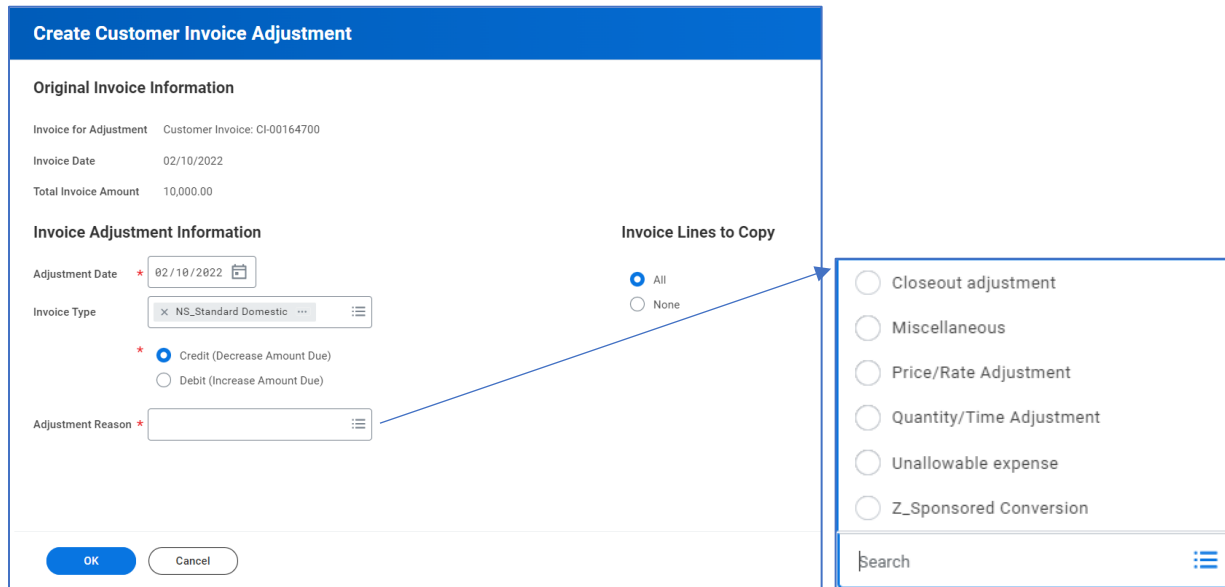
Invoice Adjustment

All actions performed by the invoicing department (Customer Invoice Specialist) unless otherwise stated.

1. There are two methods to create the adjustment. Method “a” using the related actions function from the original invoice is recommended, as key information defaults and does not need to be entered. In method “b”, nothing defaults from the original invoice and risk of error is higher.
 - a. From the customer invoice in question, use the related actions button to select “Customer Invoice” and “Create Adjustment”



- i. Keep defaults for adjustment date and Invoice Type
- ii. Select credit or debit
- iii. Enter Adjustment reason
- iv. Select “OK” to proceed to second screen.



- v. Next screen – most information defaults. Validate this information (especially the COA) and must enter the YD.
 1. Control Total in header
 2. Extended amount in adjustment line(s)
 - vi. Select “Submit”
- b. Use the search bar to access task “Create Customer Invoice Adjustment” and enter the following information:
- i. Company = CO01 Yale University
 - ii. Bill-To Customer
 - iii. Invoice Type = must match original invoice
 - iv. Retain most of the information that defaults in along the process.
 - v. Must validate/select credit or debit
 - vi. Enter Adjustment reason

- vii. Enter original customer invoice number (EX: CI-00164700) – note that the COA information from the original and other key fields will not default.
- viii. Required Header COA -> Account Posting, Cost Center, Program, Project
- ix. Optional Header COA -> Assignee (if applicable)
- x. Control Total in header
- xi. Adjustment Line Data → Sales Item/Revenue Category, Extended Amount, Yale Designated (Fund will default in – do not change)
- xii. Select “Submit”

Create Customer Invoice Adjustment

Invoice Adjustment Information

Company: * Yale University ...

Bill-To Customer: * NS_ELI LILLY AND COMPANY ...

Sold-To Customer: NS_ELI LILLY AND COMPANY ...

Adjustment Date: * 02/10/2022

Invoice Type: NS_Standard Domestic ...

Bill-To Address: DC5025 LILLY CORPORATE CENTER INDIANAPOLIS, IN 46285 United States of America

Bill-To Contact: ...

Adjustment Reason: * Miscellaneous ...

Related Invoices: CI-00164700 - 02/10/2022 - 0.00 - USD

Additional Information

From Date: MM/DD/YYYY

To Date: MM/DD/YYYY

Billable Project: ...

Payment Terms: * Upon Receipt ...

Payment Type: (empty)

Due Date: 02/10/2022

Due Date Override: MM/DD/YYYY

Discount Date: (empty)

PO Number: ...

Document Link: ...

Memo: ...

Account Posting: X A/R - Other ...

Amount Information

Currency: USD ...

Default Tax Code: ...

Net Invoice Amount: 1,000.00

Prepaid Amount Applied: 0.00

Tax Amount: 0.00

Total Adjustment Amount: 1,000.00

Less Withholding Amount: 0.00

Control Total Amount: 1,000.00

Submit Save for Later Cancel

Apply Adjustment Immediately

Employee: ...

Grant: ...

Gift: ...

Cost Center: CC0077 UUGUUG University General - Controller

Program: PIG0032 Research (21)

Project: PJ000001 General Project

Assignee: ...

Additional Worktags: ...

Adjustment Lines Tax Currency Rate Attachments Notes

Line	Order	*Company	Sales Item	Revenue Category	Line Item Description	Quantity	Unit of Measure	Qu
+		Yale University ...		Other Income (RC073)		0		

Adjustment Lines Tax Currency Rate Attachments Notes

Yale Designated	Cost Center	Program	Project	Assignee	*Additional Worktags
YD000001 Unrestricted Operating					Fund: FD01 Unrestricted Operating

Submit Save for Later Cancel

2. Select "Review"
3. Select "Approve"
4. Goes to CC Manager – Approve
5. Goes to Customer Refund Specialist – Approve
6. Goes to Customer Invoice Specialist - Submit

Customer Refund

All actions performed by the Controller’s Office (Customer Refund Specialist).

1. Before starting this process, must know Customer name and what payment type is needed
2. Use the search bar to access task "Create Customer Refund" and enter the following information:
 - a. Company = CO01
 - b. Customer
 - c. Currency will default
 - d. Refund date will default to today – may be changed, if needed, but typically keep the default.

The screenshot shows a web form titled "Create Customer Refund". It contains the following fields and controls:

- Company:** A dropdown menu with "Yale University" selected.
- Customer:** A dropdown menu with "NS_ELI LILLY AND COMPANY" selected.
- Currency:** A dropdown menu with "USD" selected.
- Refund Date:** A date picker showing "02/10/2022".
- Filter Management:** A section with a "Filter Name" input field, "Manage Filters" text, "0 Saved Filters" status, and a "Save" button.
- Buttons:** "OK" and "Cancel" buttons at the bottom.

3. Select "OK"
4. Input payment type (typically check for YSM, but must confirm)
5. Select check box for amount/line
6. Select "Submit"
7. If >\$100k will route to Controller Role for approval.
8. Refund will be in Settlement Run

Cancellations

There are limited circumstances where a customer refund check needs to be cancelled/stop payment, etc. The most common of these is when a department received customer payment and it was improperly deposited using a “Cash Sale” instead of being applied to the customer account or to the customer invoice by Treasury. Please see guidance in the Accounting Manual: [Non-Sponsored AR Accounting and Guidance](#).

Department:

- Someone from the invoicing department will need to reach out to the Controller’s Office requesting a refund check to be canceled. This request should be sent to controller.genacct@yale.edu with a cc to lisa.cordone@yale.edu referencing NSAR in the subject line.

Accounts Payable:

- Put a stop payment on the check.
- Work with the General Accounting cash desk in the Controller’s Office (via standard process) to ensure that the check is removed from the bank’s positive pay list.
- Accounts Payable and the Controller’s Office will work together to ensure the cancelled check process is completed. The department will also be notified as to the status of the process.

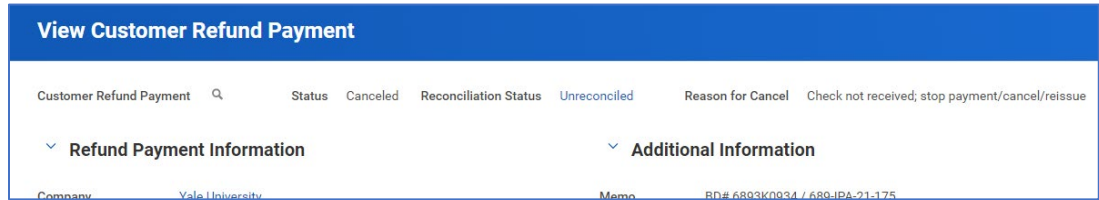
Controller’s Office (Customer Refund Specialist):

- The payment itself is part of a larger settlement run. Do not touch the settlement run.
- Cancel the Payment:
 - Pull up the customer refund number (View Customer Refund) and access the “Refund Payment” tab.

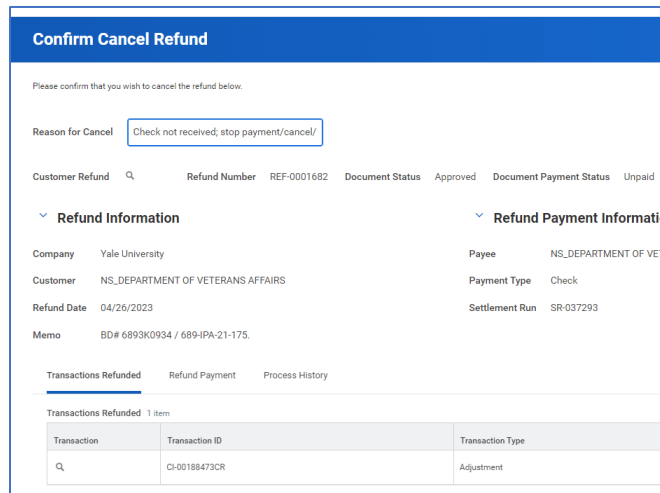
The screenshot shows the 'View Customer Refund' interface. At the top, it displays 'Customer Refund' with a search icon, 'Refund Number' REF-0001682, 'Document Status' Approved, and 'Document Payment Status' Paid. Below this, there are two expandable sections: 'Refund Information' and 'Refund Payment Information'. 'Refund Information' includes Company (Yale University), Customer (NS_DEPARTMENT OF VETERANS AFFAIRS), Refund Date (04/26/2023), and Memo (BD# 6893K0934 / 689-IPA-21-175). 'Refund Payment Information' includes Payee (NS_DEPARTMENT OF VETERA), Payment Type (Check), and Settlement Run (SR-037293). At the bottom, there are tabs for 'Transactions Refunded', 'Refund Payment' (which is selected), and 'Process History'. Below the tabs, it says 'Refund Payment 1 item' and shows a table with columns for Payment, Payment Date, and Payment Status. The table contains one row: Payment (with a check icon), Payment Date (04/26/2023), and Payment Status (Complete).

- Using the related actions on the refund payment object, select “Cancel”.
- Include a reason for cancellation.

- d. In “View Customer Refund Payment”, the payment should now show with a status of “Canceled”. The associated settlement run (accessed in the header of the payment) should still show with a status of “Complete”. Again – do NOT try to cancel the settlement run.



- 7. Cancel the Refund:
 - a. From the payment screen, click into the Customer Refund object.
 - b. Using the related actions on the customer refund object, select “Cancel”.
 - c. Include a reason for cancellation.



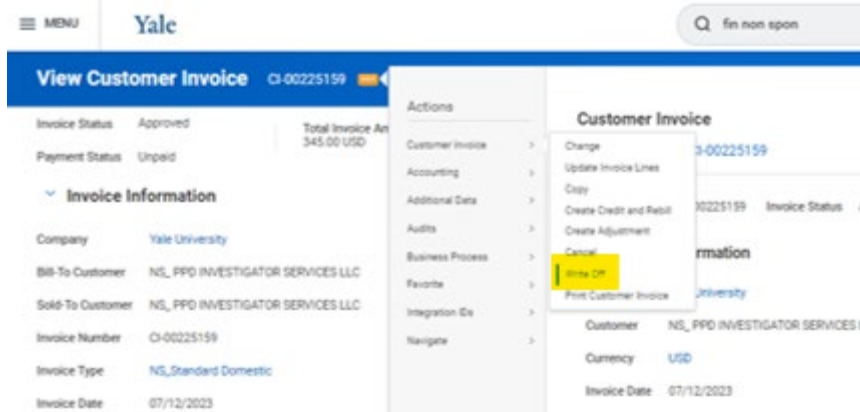
- d. In View Customer Refund, the document status should now show as “Canceled” and Document Payment Status as “Unpaid”.

At this point in the process, the original Customer Invoice Adjustment becomes available to issue a new refund, if needed. Recommend referencing first check number & using the same memo as the original refund.

Customer Invoice Write-offs

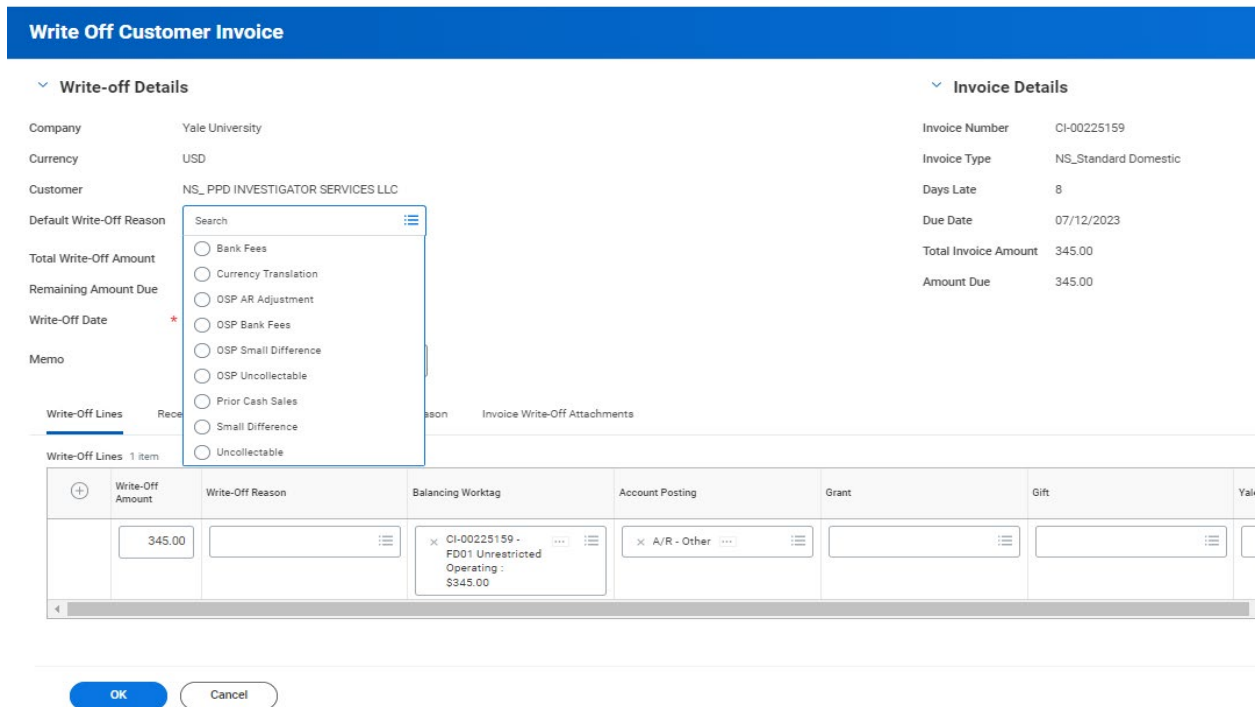
Customer invoice write-offs are needed in accordance with the [Non-Sponsored Accounts Receivable approved guidance](#) found in the Accounting Manual. This guidance also details the requirements where units must assess receivables for collectability and create general reserves.

To start the write-off process, the AR Customer Write-off Specialist will search for and open the invoice to be written off in Workday. Once the invoice is open, click on the menu next to the invoice number and hover over Customer Invoice and click on Write off.



The next screen opens in a new window. All fields auto-populate except for Default Write-Off Reason and Memo.

- Default Write-off Reason is required. The most commonly used reason is Uncollectible. Do not select the OSP reasons when working with Non-Sponsored AR.
- The Memo field is not required. However, all write-offs above \$49 will flow to the Controller’s Office for review and approval. If this write-off is large enough to route to the Controller’s Office, the individual preparing the transaction should populate the memo field with a complete description of the reason for the write-off and/or include attachments supporting the transaction.



Once the reason is selected and optional memo is entered, click OK. Write-offs then need to be approved by the corresponding Cost Center Manager on the invoice being written off. Approvers can be viewed on the Details and Process screen. Write-off is complete once proper approval(s) have occurred in Workday. This will result in a decrease to the Account Receivable balance and record an expense to 81048: Losses and writeoffs.

Business Process Record Bad Debt Writeoff: NS_PPD INVESTIGATOR SERVICES LLC on 07/20/2023 for \$345.00

Up Next

Cost Center Manager
 Approval by Cost Center Manager
 Due Date: 07/24/2023

▼ **Details and Process**

For: Customer Bad Debt Writeoff: NS_PPD INVESTIGATOR SERVICES LLC - 07/20/2023

Overall Process: Bad Debt Writeoff: NS_PPD INVESTIGATOR SERVICES LLC on 07/20/2023 for \$345.00

Overall Status: In Progress

Due Date: 07/24/2023

Process

Process History: 6 items

Process	Step	Status	Completed On	Due Date	Person (Up to 5)
Bad Debt Writeoff Event	Bad Debt Writeoff Event	Step Completed	07/20/2023 09:26:09 AM	07/24/2023	Cordone, Lisa
Bad Debt Writeoff Event	Review Bad Debt Writeoff	Not Required		07/24/2023	
Bad Debt Writeoff Event	Approval by Cost Center Manager	Awaiting Action		07/24/2023	Amatrudo, Sue (Cost Center Manager)
					Carter, Shannon (Cost Center Manager)
					Domantovsky, Boris (Cost Center Manager)
					Pretty, Harley J (Cost Center Manager)

Remaining Process

Click on the button below to review remaining process details.

Done