## Exercise 8: Configure Credit and collections

### Set up collections parameters

1. Navigate to **Credit and collections > Setup > Credit and collections parameters**.
2. Select the **Collections** tab.
3. Expand the **Collections** defaults section.
4. Select an **Aging period definition** for the default aging snapshot that will be used in the Collections form.
5. Select a **Team** that collections agents are assigned to in the Collections agent form. Only teams that have a team type of Collections are displayed in the list.
6. Expand the **Write-off** section.
7. In the field **Write-off journal**, select the journal name which is set up for daily ledger journals, to use when a transaction is written off by using the Collections form or related list pages.
8. Select the **Separate sales tax** option to create a separate journal line for sales tax amounts when write-off transactions are created by using the Collections page or related list pages. If you select this option, you can easily track the sales tax amounts that are involved in write-off transactions. You can track the sales tax amounts separately to help you more easily adjust your sales tax liability for the affected period.
9. Select the **Default write-off reason** code to use when write-off transactions are created by using the Collections form or related list pages.
10. Expand the **Email template** section.
11. In **Transactions to contact**, select the email template to use when you send an email message by using the **E-mail > Transactions** to contact action in the **Collections** form.
12. In **Statement to contact**, select the email template to use when you send a customer statement as an attachment to an email message by using **the E-mail > Statement** to contact action in the collections form.
13. In **Transactions to sales person**, select the email template to use when you send an email message by using the **E-mail > Transactions** to salesperson action in the collections form.

### Set up a collection letter sequence on the posting profile

1. Navigate to **Credit and collections > Setup > Customer posting profiles**.
2. Select **Edit**
3. Select a **Collection letter sequence** from the drop-down list. If you do not want to generate collection letters for transactions using this posting profile, leave the field blank.
4. Expand the table restriction tab to change the way that collection letters are processed. If this field is set to **Yes**, then collection letters will be created for this posting profile.

### Set up the customer to control collection letters at the customer level

1. Navigate to **Credit and collections > Setup > Credit and collections parameters**. (Depending on your version, you might navigate to **Credit and collections > Setup > Accounts receivable parameters** and select the **Collections** tab instead.)
2. Change the value of **Create collection letter per** to **Customer**.
3. Navigate to **Credit and collections > Collection letter > Review and process collection letters**. Only one collection letter will be generated for a customer containing all the overdue transactions.

### Create customer pools

1. Navigate to **Credit and collections > Setup > Customer pools**. Use this page to set up customer pools, which are queries that define a group of customer accounts that can be displayed and managed for collections or aging processes. Use customer pools to filter information on the Collections list page and on related list pages. You can also use customer pools to filter the customer accounts that are included when aging snapshots are created. You can use customer pools to filter the customer accounts that are included when aging snapshots are created.
2. Select **New**
3. In the **Pool ID** field, type a value.
4. In the **Pool description** field, type a value.
5. Select **Select pool criteria**.
6. In any **Criteria** field, select a value.
7. Select **OK**
8. Select **Preview customer pool**.

### Create collections agents

1. Navigate to **Credit and collections > Setup > Collections agents**. Use this page to set up workers as collections agents and optionally assign customer pools to them. A collections agent is a person who works with customers to make sure that payments are collected in a timely manner. Collections agents that are set up in this page are automatically added to a collections team. If a team is selected in the Team field in the Accounts receivable parameters page, collections agents are added to that team. If a team is not selected, a new team named Collections is created automatically and the collections agents are added to that team.
2. Select **New**
3. Select **Add**
4. Select the users of your choice.
5. Select **Add**
6. Under Collection agent pools select **Add**.
7. In the **Pool ID** field, select the drop-down button to open the lookup.
8. In the list, find and select the desired record.
9. Select or clear the **Default pool** check box. Select this option to include all customer pools in filter lists for the selected collections agent. If this option is not selected, only the customer pools that are assigned to the collections agent are available in filter lists.

### Create aging period definition

1. Navigate to **Credit and collections > Setup > Aging period definitions**. You can use aging period definitions to analyze the maturity of customer accounts and vendor accounts, based on a date that you enter. Each aging period that you set up for the aging period definition corresponds to a column on the list page or in the form or report when the analysis is performed.
2. Select **New**
3. In the **Aging period definition** field, type a value.
4. In the **Description** field, type a value.
5. Specify the period name, unit, interval and aging indicator for each aging period to include in the aging period definition. The line that has 0 (zero) in the Unit field represents the date that the analysis is run. Lines before zero will have -1, and lines after zero will have 1 as a default entry in the Unit field but can be changed. Select the Up and Down buttons to rearrange the lines. The 0 (zero) line cannot be moved.
6. Place the pointer where you want to insert a new line and then select Add above or Add below.
7. Select an indicator to represent the aging period in the Collections form and list page. For example, you might select a green indicator for a current period, a yellow indicator for a 30-days-past period, and a red indicator for a 90-days-past period.
8. Select the printing direction for the aging period definition. This selection determines the order in which the columns appear on the Customer aging report or the Vendor aging report. **Forward** – Print columns in the same order in which the headings appear in the table, starting with the top row. **Backward** – Print columns in the reverse order in which the headings appear in the table, starting with the bottom row.

### Create an interest code with a range

1. Navigate to **Credit and collections > Interest > Set up interest codes**.
2. Select **New**
3. In the **Interest code** field, enter **3M-9%.**
4. In the **Description** field, enter **9% after 3 months**.
5. Expand the **Earnings** section.
6. In the **Ledger posting account** field, specify **130500**.
7. In the **Interest by range** field, select **'Months'**.
8. Expand the **Earnings by currency** section.
9. Select **Add**
10. In the **Description** field, enter a **US dollar**.
11. Select **Save**
12. Select **Ranges**
13. Select **New**
14. Enter the **From** value as **0** and then enter the interest percent per month that will be used to calculate the interest. For our example, it is **1.5**.
15. Select **New**
16. Enter the next **From** value as **3**, which is the first month that you will be calculating a new interest amount.
17. Enter the interest percent per month that will be used to calculate the interest starting in month **3**. For this example, it is **2.5**.
18. Select New
19. Enter the next **From** value as **6**, which is the next month that you will be calculating a new interest amount.
20. Enter the interest percent per month that will be used to calculate the interest starting in month 7. For this example, it is **5.**
21. Select **Close**

### Create a collection letter sequence

1. Navigate to **Credit and collections > Setup > Set up collection letter sequence**.
2. Select **New**
3. In the **Collection letter sequence** field, enter a sequence ID that will represent the sequence. It will be used when you set up a posting profile.
4. In the **Description** field, type a value.
5. The **Terms of payment** is optional. If you enter a value here, the collection letter fee invoice will use these terms of payment instead of the terms of payment stored with the customer.
6. In the **Collection letter code** field, select the code for the first collection letter that you want to send.
7. The first collection letter is created according to the due date on the invoice, the value that you enter for the grace period in the Days field on this line, and other information that you enter on this line.
8. In the **Description** field, type a value.
9. The currency for the fee defaults to the customer currency. This currency code can be different than the invoice currency.
10. Select **Add** to add the next collection letter that will be sent in the sequence.
11. In many cases, the first collection letter is just a warning. You can add fees if needed.
12. In the **collection letter code** field, select the next collection letter that will be sent in the sequence.
13. In the **Description** field, type a value.
14. In the **Main account** field, select the revenue account that will be used for fees.
15. Enter the fee that will be charged when this collection letter is posted.
16. In the **Item sales tax group** field, select the drop-down button to open the lookup.
17. Select an item sales tax group if sales taxes must be calculated on the fee.
18. Enter the **Minimum overdue balance** required before a collection letter is sent.
19. Enter the number of grace **Days** that you will allow. This is the number of days after the due date that a collection letter can be generated.
20. Select **Add** to add the last collection letter in the sequence. You can add up to five collection letter codes for a collection letter sequence. In the collection letter code field, select the next collection letter that will be sent in the sequence.
21. In the **Description** field, type a value.
22. In the **Main account** field, specify the desired values.
23. In the **Fee in currency** field, enter a number.
24. In the **Item sales tax group** field, select the drop-down button to open the lookup.
25. In the list, select the link in the selected row.
26. In the **Minimum overdue balance** field, enter a number.
27. In the **Days** field, enter a number.
28. Select the **Block** check box to stop the customer from additional deliveries and invoicing.
29. To unblock the account, select No in the **Invoicing and delivery on hold** field in the Customers page.
30. Expand the **Note** FastTab.
31. Enter the text to appear on the collection letter for the selected collection letter code.
32. You can translate this text into multiple languages using the Translations menu above the note box.

### Set up the write off parameters

1. Navigate to **Credit and collections > Setup > Credit and collections parameters**.
2. Select the **Collections** tab.
3. Expand the **Write-off** section.
4. The **Write-off journal** is the general journal that will hold the write-off transactions that you create. You can attach a reason code to every write-off. The write-off account will be used as the expense account or reverse adjustment in the general journal.
5. You can override this default at the time of the write-off. Set **Separate sales tax** field to Yes if you want to separate the sales tax from the original transaction in the write-off.
6. Close the page

### Write off a customer balance from the aged balances page

1. Navigate to **Credit and collections > Collections > Aged balances**.
2. Mark the row for the customer that you want to write off. For example, mark the line with **Contoso Europe** on it.
3. On the Action Pane, select **Collect**.
4. Select **Write off**
5. Select **OK**
6. Close the page
7. Navigate to **General ledger > Journal entries > General journals**.
8. Select the journal batch number for the journal that contains your write-off. Note that one line is created to reverse the customer balance. One or more lines are created to post the write-off to the write-off account.
9. Close all pages