1.0   PURPOSE

The purpose of this Business Practice (BP) is to describe the steps required to make periodic manual adjustments to maintain a customer's Accounts Receivable (A/R) account.

2.0   SCOPE

This Business Practice applies to situations where a customer's account requires periodic adjustments and may require A/R to do the following tasks: (1) Create, park, or edit invoices; (2) Create, edit, or park credit memos; (3) Reverse Account Receivable documents; or (4) Clear items from a customer's account based on internal or external analysis or input.

3.0   ROLES AND RESPONSIBILITIES

Role	Responsibility
Management	• Ensure that this procedure is followed • Ensure that staff receive training
Staff	Complete required training
Accounts Receivable	• Create financial invoices (FI), including park/edit • Create FI credit memos, including park/edit **NOTE:** FI invoices and credit memos apply mainly to North America for service-oriented customer and partnership transactions such as licensing and royalties.

4.0   REFERENCES

Not Applicable

5.0   DEFINITIONS

Terms	Definition
Accounts Receivable (A/R)	A debtor's balance due on an account
Document Reversal	Cancels or voids a debit or credit created on a customers A/R account (FI only)
FI	Financial Invoice
G/L	General Ledger
Off-set	Applying debits and credits against each other to clear from the customer's account
Write-off	Cancels a customer's debt

6.0 EQUIPMENT

Not Applicable

7.0 MATERIALS

Not Applicable

8.0 SAFETY

Not Applicable

9.0 PRACTICE

Accounts Receivable Adjustments is primarily a manual process initiated by internal or external analysis or feedback. This procedure has the following prerequisites:

- Customer Master Data record must exist and be properly configured

- An Accounts Receivable (A/R) item must be open in order to be cleared from a customer account

- An A/R item must be open and unapplied to be reversed

The following steps track the process flow in Appendix 1.

9.1 Customer A/R Account Requires Maintenance

Accounts Receivable

9.1.1   Reviews internal/external customer account analysis/feedback

9.1.2   Completes one of the following processes:

- Creates an invoice (includes edit)

- Creates a credit memo (includes edit)

- Reverses the document

- Clears items from customer's account

9.1.3   Verifies if the document is parked

9.1.3.1   If the document is parked,

- then A/R posts if the entry needs to be recorded to A/R and the General Ledger (G/L)

- then A/R deletes if the entry is deemed not necessary

9.1.3.2   If the document is not parked, then A/R verifies it is already posted or that it doesn't exist.

9.2   Adjustment Entry in the ERP System

Customer Finance Analyst/Accounts Receivable

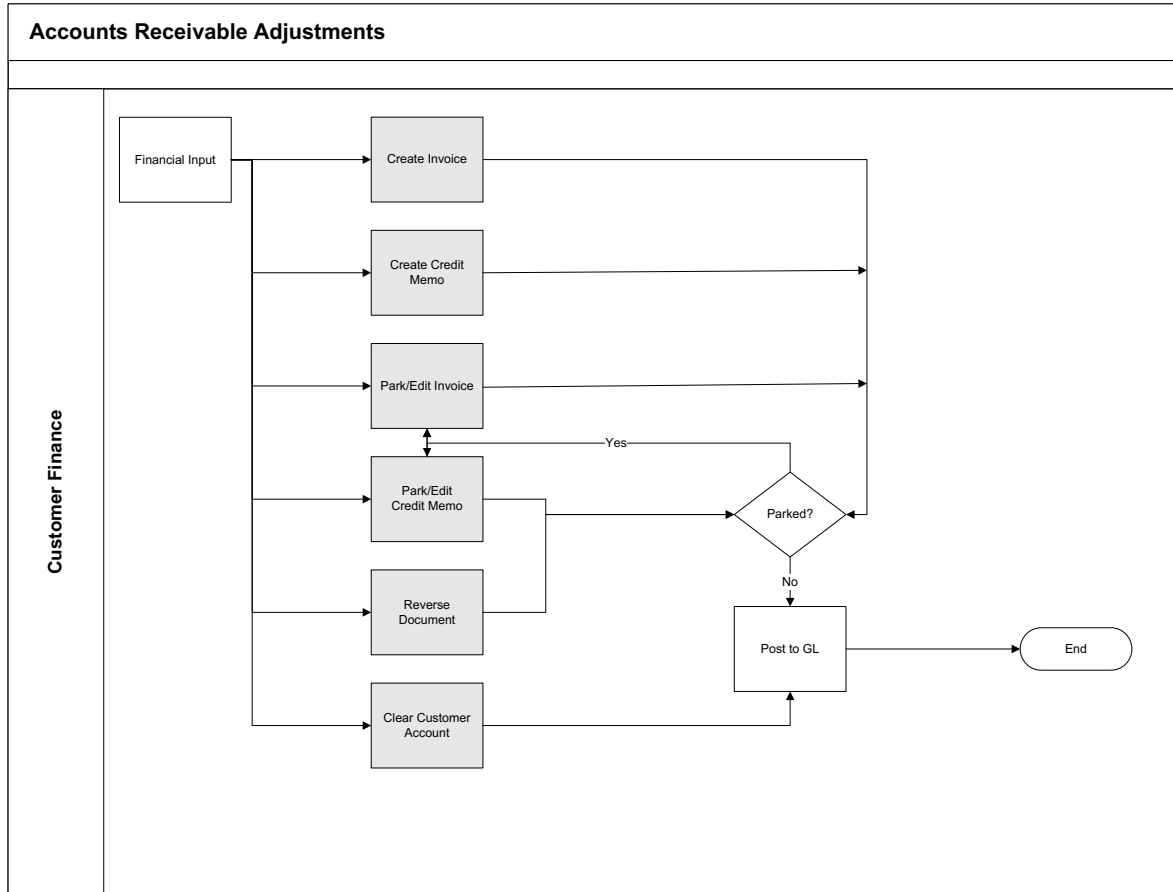9.2.1   Generates the form that represents the adjustment

9.2.2   Secures supervisor signature on an adjustment form

Accounts Receivable

9.2.3   Posts the requested adjustment to the customer's account

APPENDIX 1
Accounts Receivable Adjustments

DOCUMENT HISTORY

Change	Justification
1. Migrated document into new BP template	Required for North America ERP implementation
2. 4.0 Definitions—additional	Revised to include pertinent terms throughout the document