

1.0 PURPOSE

The purpose of this Business Practice (BP) is to describe the steps to receive and apply customer payments to invoices.

2.0 SCOPE

This Business Practice applies to situations where customer payments are received by Amgen and processed through the global ERP system including Autobank.

3.0 ROLES AND RESPONSIBILITIES

Role	Responsibility
Management	<ul style="list-style-type: none">• Ensure that this procedure is followed• Ensure that staff receive training
Staff	<ul style="list-style-type: none">• Complete required training
Accounts Receivable Staff (A/R Coordinator, A/R Associate)	<ul style="list-style-type: none">• Complete required training• Conduct lockbox post-processing in North America (NA)• Review unmatched payments and posts them manually to the correct customer account• Review unmatched line items and posts them manually to the customer's account• Review unmatched payments and matching rules and makes recommendations to improve them in the European Union (EU)
Treasury	<ul style="list-style-type: none">• Facilitate electronic bank statement upload (EU)• Maintain the lockbox bank relationship (NA)
AR Super User	<ul style="list-style-type: none">• Maintains matching rules for cash application (EU)• Monitors electronic bank file processing for the electronic data interface (EDI) 820 and 823 transactions (NA)• Forwards any checks received directly at Amgen to the bank for inclusion in the electronic bank file (NA)

4.0 REFERENCES

Not Applicable

5.0 DEFINITIONS

Terms	Definition
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Autobank	A third party solution from Hanse Orga that automates payment to invoice matching and provides the ability to conduct daily back reconciliations
Accounts Receivable (A/R)	A balance due from a debtor on an account
Electronic Bank Statement (EBS)	Bank account activity in an electric file format that can be uploaded to the system for processing
Electronic Data Interchange (EDI)	Computer-to-computer exchange of structured information, by agreed message standards, from one computer application to another via electronic means for the transfer of business transaction data
EFT	Electronic Funds Transfer
ERP	Enterprise Resource Planning
EU	European Union
Lockbox	A procedure for rapid deposit of checks; used mainly in the U.S.
NA	North America
SOX	Sarbanes-Oxley Act
Super User	Highly-trained user that can utilize advanced functions typically outside the reach of normal users due to the complexity and advanced knowledge required

6.0 EQUIPMENT

Not Applicable

7.0 MATERIALS

Not Applicable

8.0 SAFETY

Not Applicable

9.0 PRACTICE

This BP has the following prerequisites:

- Customer Master Data record exists and is identified for direct debit (if the customer is a direct debit customer—EU only)
- Customer account is open to accept debits and credits
- Matching and open item sub-matching rules are created (EU)
- Customer bank information is set up

The following steps track the cash application process flow in Appendix 1 (NA) and Appendix 2 (EU), the matching process flow (EU) in Appendix 3, and the direct debit (EU) process flow in Appendix 4.

9.1 Payment to Amgen

Accounts Receivable Staff

- 9.1.1 Amgen receives payment (e.g., wire transfer, electronic funds transfer [EFT], check, or other form).
 - 9.1.1.1 When the payment method is direct debit (EU only), the money is debited from the customer account during a payment run.
 - 9.1.1.2 A system-generated Direct Debit Confirmation form is sent to the customer.
- 9.1.2 Checks received directly at Amgen are forwarded to the lockbox bank (NA).
- 9.1.3 The AR Coordinator reconciles the ERP receipts data to the bank deposit reports each time a bank file is loaded.

9.2 Facilitates Electronic Bank Statement (EBS) Payment Information Upload to System

Treasury

- 9.2.1 Treasury facilitates the Electronic Bank Statement (EBS) payment information upload to system (EU).
- 9.2.2 Treasury maintains the lockbox bank relationship (NA).

9.3 Maintains Matching Rules

Accounts Receivable Super User

- 9.3.1 A/R super user maintains matching rules for cash application (EU).

9.4 Cash Application Process

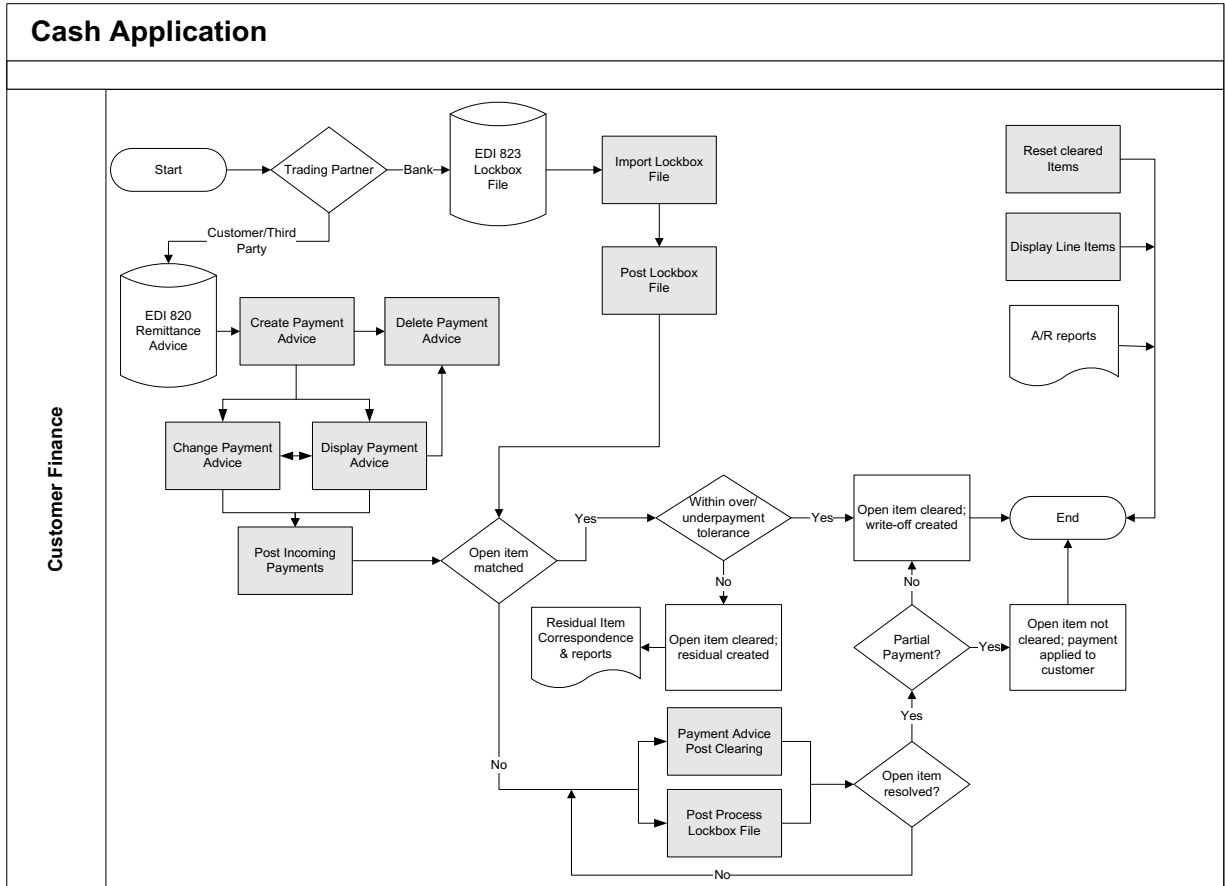
Accounts Receivable Staff

- 9.4.1 Open items are automatically matched via the ERP system.
 - NOTE:** Items not matched are reviewed later and posted manually.
 - 9.4.1.1 The Customer Finance A/R confirms that the application of payments generated by ERP agrees to customer remittance advices. (SOX)
- 9.4.2 If the payment amount is unmatched and within the over-/underpayment tolerance, the item is automatically written off.

- 9.4.3 If the payment amount is unmatched and is outside of the over-/underpayment tolerance, the item is reviewed and cleared or posted manually to the customer's account as a residual item.
- 9.4.4 If payment is a partial payment, then posting is done as a residual item.

APPENDIX 1

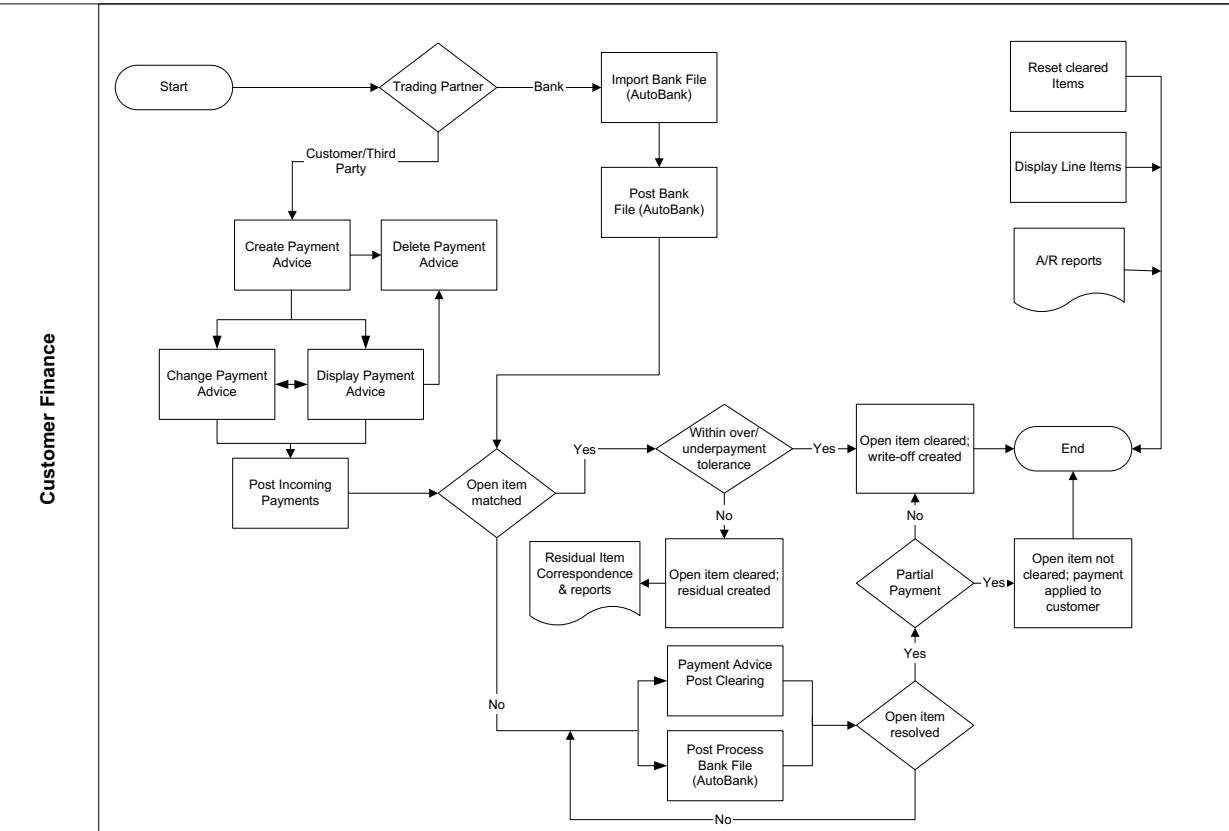
Cash Application (NA)



APPENDIX 2

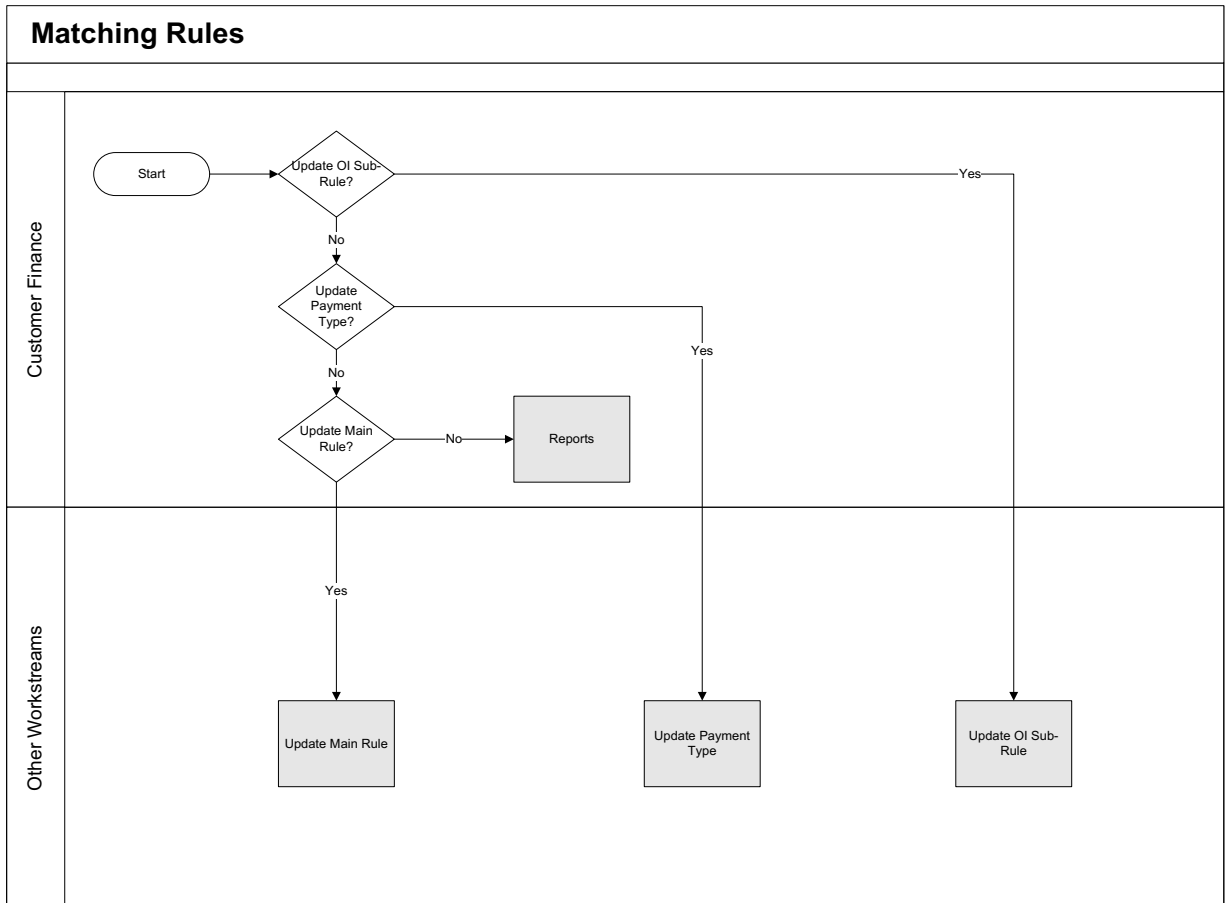
Cash Application (EU)

Cash Application EU



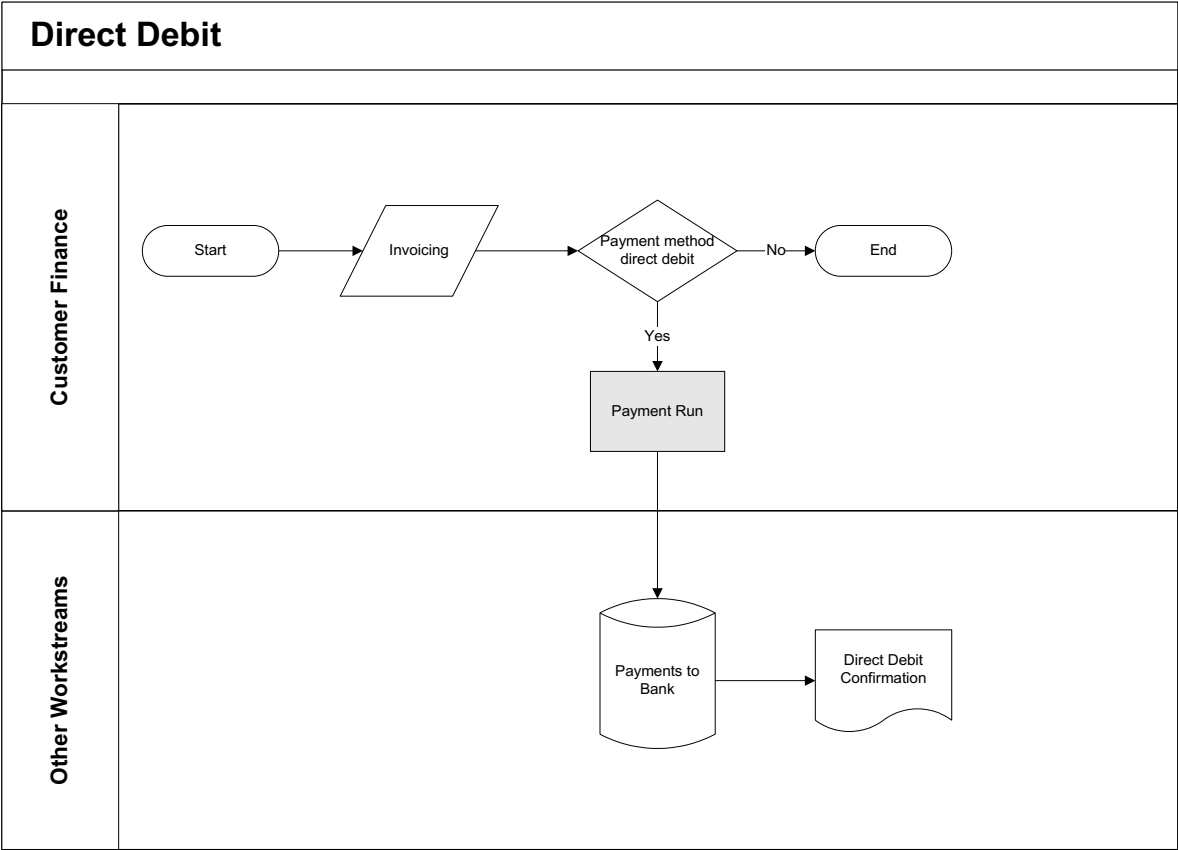
APPENDIX 3

Autobank Matching Rules (EU)



APPENDIX 4

Direct Debit (EU)



DOCUMENT HISTORY

Change	Justification
New	Needed for North America ERP implementation