



# BROOM STREET SOFTWARE

***“Sweeping Away The Competition...”***

## **White Paper on AR/Cash Application Module**

The AR Cash Lockbox is a flexible automatic program that will process a file of payment information sent to you from your bank. This leaves you with more time to work with the problem accounts allowing you to be more proactive in your collection and cash flow efforts.

The program validates the format and content of the file while allowing you to run a report without applying the cash or to run the report and apply the cash at the same time. Either choice produces a report which is an audit trail telling what will be applied, what items were rejected and why.

Because there are usually differences between bank lock box files, the program needs some small customizations to set the correct format for your bank file.

### **The following steps occur for the cash application cycle:**

- 1) New files from the bank are loaded each day and attempted to process via QAD®. They are processed ONLY if there is perfect match between the bank and the current AR Picture in QAD for all the invoices listed as paid from the bank.
- 2) For those checks not paid by the bank the user runs through the cash application process.
- 3) The user gets a scrolling list of all checks not paid by the batch run. They have the ability to print these checks at this time for matching up with the hard copies from the bank.
- 4) Once a check has been selected for processing all outstanding records for all the bill-to's on the check appear for the user to select to apply. Those invoices that are specified from the bank are pre-selected as choices to pay.

### **At this time the user has the ability to do the following:**

- a) Overpay the invoice and leave it open. This will apply the total amount for the invoice via cash application and then create a debit/credit memo in QAD with the leftover amount on the invoice.
- b) Overpay the invoice and write off the difference. This will apply the total amount for the invoice via cash application and then write off the difference to a user specified account creating an "N" AR type of Record in cash application.
- c) Under pay the invoice and leave it open. This will apply the amount specified by the user and leave the balance remaining in QAD.

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- d) Underpay the invoice and write off the difference. This will apply the amount specified by the user and then create an "N" AR type record in cash application for the difference.
- e) Create a debit/credit memo from scratch to account for the cash on the check. This has no effect on cash application but creates a debit/credit note in QAD.
- f) For all leave open activity and debit/credit memo creation a reason code is entered by the user to record and store the reason why the AR record is kept open. These reason codes can be printed out as a nice document and forwarded to the appropriate department for action.
- g) AR reason code re-print. This is a new report that reprints AR reason codes for a range of dates and range of batch numbers.

## AR Cash Application

- 1) Enter the load date or transmission number.
- 2) All checks that have not been processed will show on a scrolling window.
- 3) The check number, transaction number, bill-to, name and check amount will be displayed. The user can press return to apply the check.

The next screen will show the credit area manager the check amount and the amount left to apply on the invoice. All invoices uploaded from the bank will be pre-selected to facilitate the application process. At this point the following options are available:

- 1) Under-payment
  - a) Leave open: reason code is prompted.
  - b) Write-off: pay invoice in full and then create non-AR reference with write-off amount.
- 2) Over-payment
  - a) Leave open: create credit memo with over payment amount and prompt-for AR reason code.
  - b) Write-off: pay invoice in full and create non-AR reference with write/off amount.
- 3) Insert a new invoice
  - a) Add an invoice to the list of invoices to paid, select by invoice number (press F3).
- 4) Create a credit memo to handle the payment (press F8).

NOTE: All problems codes and reasons will be stored and printed at the end of the document.