

Accounts Receivable - Credit Note creation

This option is used for entering a credit note for a debtor into Finance One.

Credit notes once created and accepted will be reviewed and posted to the ledger by Accounts Receivable within 2 business days.

At month end all credit notes must be accepted by midday, 2 business days prior to the end of the month. We cannot guarantee credit notes accepted after this time will be posted to the ledger for month end.

Important

- Credit notes must always be linked to the original invoice.
By using the credit note wizard instructions below, the credit note will be linked and allocated to the original invoice and any enquiries on the invoice will automatically show both the original invoice and the credit note.
- Care should be taken when entering credit notes into Finance One. The original invoice must have already been entered into Finance One.
- Credit notes are only created for external customers. If an amount is to be charged to another University Cost Centre, no invoice should be raised, instead a journal needs to be created.
- No credit note should be coded to internal income codes (dissection codes beginning with a 7).
- Credit notes should always be coded to income dissections (dissection codes beginning with a 1).
- If you need to raise a credit note for a currency other than New Zealand dollars, please contact Accounts Receivable, receivables@otago.ac.nz, for the relevant instructions.
- All amounts entered on credit notes (using the credit note format) will appear as positive on the screen (you do not need to enter a negative (-) sign in front of the amount). The format dictates that these amounts are credits when printing the credit note and when posting to the ledger.

Sundry debtors

The instructions for creating a credit note for an invoice on a Sundry debtor account are the same as for creating a credit note on a single debtor account.

Creating a credit note

- Log into Finance One and select the role **OU AR Officer**
- Along the top of the screen, click on the **Transaction Entry** tab
- From the left hand menu box **New** select the format type **AR Credit Note (ARCRND)**.

If the format type is not displaying in the **New** menu box, click **More...**

The formats picklist box will open and displays all format types available to you. From the listing select format name **ARCRND** AR credit note

The formats picklist box will close upon selection of a format type.

Data entry instructions

There are 5 steps to creating a credit note in Finance One

- [Creation of the credit note using the Transaction Create Wizard](#)
- [Completion of the credit note](#)
- [Credit note Finalisation and Printing](#)
- [Credit note Acceptance](#)
- [Email credit note to customer](#)

AR Credit Note

CR Note No.	CN022102	Date	4/07/2023	Period	7	Exch. Rate Date	4/07/2023
Ledger	RD	Debtor No.		Inclusive		Base	
Original Inv #				Exch. Rate Table	SPOTAP		
Amount	0.00	Base	0.00	Foreign	0.00	Currency Code	NZD
Exclusive	0.00		0.00		0.00	Exchange Rate	1.000000
GST	0.00		0.00		0.00		
Narrative							
Reason		Attention Override					

Dissections | Address | Print Details | Attachments |

Ledger	Account Number	Account Number Description	GST Code	Inclusive	Exclusive	GST	Narrative	Narrative (line 2)
*								

The instructions below follow creating a credit note using the Transaction Create Wizard.

1. Creation of the credit note using the Transaction Create Wizard

1. When the ARCRND screen opens the credit note number is automatically generated by Finance One with next available number.
2. From the left hand menu box Document Actions, select **Create Entry**
3. Select one of the following options:
 - **Find Document by Reference** or,
Finding the document by reference allow you to input the actual invoice number that requires the credit note.

- **Find Document by Transaction**

Finding the document by transaction allows you to select the debtor, and then from the list of invoices coded to that debtor, select the invoice requiring the credit.

If you chose **Find Document by Reference**, when the Reference Numbers screen opens you need to update the search criteria to:

Register Name = ARINV
 Reference Number like remove the xxxxxx and enter your invoice number

Example:

If you chose **Find document by Transaction**, when the Transaction Listing screen opens you need to enter the debtor number into the Debtor field:

Example:

Note: if the invoice has already been paid you will also need to update the Status from Outstanding to Completed.

4. Click **Retrieve**
5. Double click on the **Invoice number**
6. The Transaction Create Wizard box should now display.

Reverse Document signage should be ticked by default (If it is not ticked, please tick the box Reverse Document signage).

- If the credit note is for a portion of the original invoice, tick the **Change Document value** box and input the value of the credit note.
Note the value of the credit note does not have a negative sign in front of it. It is correct to be a positive value. The format dictates that these amounts are credits when printing the credit note and when posting to the ledger.
- If the **invoice has not been paid**, tick **Allocate created Document to original Document**. This will link the credit note to the original invoice and the original invoice will no longer show as outstanding on the debtor account.

You can tell an **invoice has been paid**, as a warning displays on the Transaction Create Wizard alerting you the transaction (invoice) has no balance outstanding.

- Click OK

All details entered on the original invoice will now populate the blank credit note form i.e., debtor number, original invoice number, narratives and account dissections. This ensures that the credit note is credited to the same account codes as the original invoice.

2. Completion of the Credit Note

Complete and review the following sections of the credit note:

Credit Note Header

FIELD	INSTRUCTIONS																								
Original Inv #	Check this has populated with the original invoice number you are creating the credit note against. If it has not, you need to update the field with the original invoice number.																								
Reason field	<p>Select from the picklist the most appropriate reason for the credit note.</p> <p>The available reasons are:</p> <table border="1"> <thead> <tr> <th>Selection Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>AMT</td> <td>Incorrect amount on original invoice</td> </tr> <tr> <td>DATE</td> <td>Incorrect date on original invoice</td> </tr> <tr> <td>DEBTOR</td> <td>Incorrect debtor charged</td> </tr> <tr> <td>EXCHANGE</td> <td>Exchange Rate Difference</td> </tr> <tr> <td>GST</td> <td>Incorrect GST treatment of original invoice</td> </tr> <tr> <td>MISC</td> <td>Miscellaneous (if no other reasons are applicable)</td> </tr> <tr> <td>NARR</td> <td>Incorrect narrations on original invoice</td> </tr> <tr> <td>NOGOODS</td> <td>Goods or Services not Provided</td> </tr> <tr> <td>NOTREQID</td> <td>Charge no longer required</td> </tr> <tr> <td>SHORTPD</td> <td>Short paid / over paid</td> </tr> <tr> <td>SINCEPD</td> <td>Invoice Since Paid</td> </tr> </tbody> </table>	Selection Code	Description	AMT	Incorrect amount on original invoice	DATE	Incorrect date on original invoice	DEBTOR	Incorrect debtor charged	EXCHANGE	Exchange Rate Difference	GST	Incorrect GST treatment of original invoice	MISC	Miscellaneous (if no other reasons are applicable)	NARR	Incorrect narrations on original invoice	NOGOODS	Goods or Services not Provided	NOTREQID	Charge no longer required	SHORTPD	Short paid / over paid	SINCEPD	Invoice Since Paid
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Dissections tab

Check the information in the Dissections tab. This has loaded from the original invoice.

These entries should not be changed as the credit note should always be coded back to the account codes where the original invoice was coded.

Address Tab

FIELD	INSTRUCTIONS
Address	The default address is populated in a credit note.
Address Code	If the original invoice was addressed to an alternative address for the debtor, then you need to select the same address for the credit note from the picklist in the address code field.

Print Details Tab

FIELD	INSTRUCTIONS
Print Details	<p>The Print details tab must be completed for every credit note as it is where the words which are printed on the credit note are keyed. If print details are not entered the credit note cannot be printed.</p> <p>The transaction creation wizard does not populate the Print details tab.</p>
Description	<p>You have two options:</p> <ol style="list-style-type: none">1. Choose load default details at the bottom of the screen to complete the fields required. The default details load with the first narrative from the first line of the dissections tab. You may then alter these words and add any additional words or lines if required (note only 40 characters per line will print). If these are not loaded, the invoice cannot be reprinted from the debtor enquiry screen once it is posted.2. Enter information to be printed on the credit manually (note only 40 characters per line will print). <p>For both options, you need to enter a comment as to the reason for the credit note being issued.</p> <p>If you enter information manually you also need to complete the three fields listed below (these fields automatically fill when you choose to load the default details).</p> <ul style="list-style-type: none">• You can clear the print details if you need to start again by clicking Clear Print Details in the lower right hand side of the Print Details tab.
GST Tax Type	The GST tax type must reflect what was entered in the invoice body, either inclusive or exclusive.
GST Rate Code	Enter the rate code which reflects what was entered in the dissections section for the invoice amount
Amount	Enter the amount(s) for each description line (where applicable)

Variance checking on the Print Details Tab

Once all the required information is entered check the **Variance field** at the bottom of the Print Details tab is **0.00**.

This field shows the variance between the total of what was entered on the Dissections tab and what you have entered in the Print Details tab.

If you have manually entered your own narratives and values (because you need to display the information differently on the credit note to how we need to display the information in the ledger account) you may have a small variance and need to balance your GST values to the document.

Click the **Balance GST to Document button** at the bottom of the screen and Finance One will calculate and complete the necessary correction to bring the variance to 0.00.

Attachments Tab

If you have a document which needs to be sent with the credit note, which supports the credit note creation, you can attach the documents here.

IMPORTANT: If your credit note will result in the University having to pay money back to the debtor, then you must attach relevant HoD approval to the credit note document in Finance One.

This is an audit requirement and will be checked by the Accounts Receivable Team when they review your credit note. You do not have to print the attachment which has this approval.

Credit note finalisation and printing of the credit note is where you decide if the attachment needs to be included or not when the credit note is emailed.

To upload an attachment:

- Click on the image on the right hand side of the screen which looks like a piece of paper with a paperclip. This will give you the option to upload a file, image, or URL.
- Click the file type you wish to attach, and this will open your file explorer to allow you to select the relevant file.

You can upload multiple files; you just need to upload them one file at a time.

3. Credit note finalisation and printing

IMPORTANT: The credit note must not be sent to the customer at the printing stage as it needs to be reviewed by yourself and then checked and posted to the ledger by Accounts Receivable before the credit note can be sent.

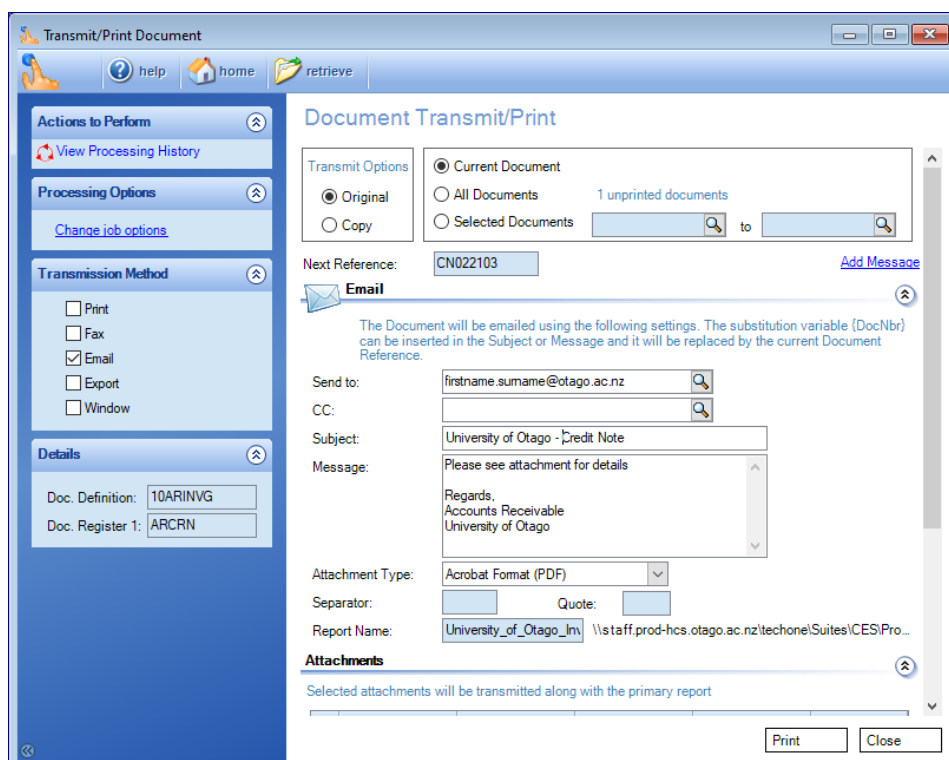
The instructions below guide you through emailing the credit note to yourself and then emailing to the customer once posted to the ledger.

1. From the left hand menu box Document Actions, select **Save Document**

This will allocate a document file number and alert you to any errors or warnings which may exist in your document. Errors and warnings display in the left hand menu box, Document File. If you have any errors and warnings click on the link which will give you information on the errors and warnings. You need to correct any errors and warnings before proceeding.

2. An Application details dialogue box will now appear, click **Yes** to continue.
3. From the left hand menu box Document Actions, select **Save and Print**
 - The default transmission method for credit notes is **Email**. Please do not change this.
4. In the Email section of the Document Transmit/Print screen you need to:
 - Remove all email addresses which have populated and replace with your own @otago.ac.nz email address.
 - Update the subject line to add information to help identify the credit note when it comes into your inbox. This can be as simple as adding in the debtor number or name.
 - Scroll to the Attachments section and tick the attachments which you need to be included with the credit note. When the email is sent these will be included as attachments in the email with the credit note.
 - Click PrintYou will now see the document transmission window. Once you can see the job has started you can close out of this window

Example after updates to email fields below:



Check the credit note

Once the email with the credit note (and attachments if applicable) has been received into your inbox, check the credit note looks as expected and there are no errors.

- If there are no errors proceed to [4. Credit note Acceptance](#)
- If there are errors, please follow the steps for [Credit note alteration after Printing.](#)

What if I am not ready to finalise and print the credit note?

If after entering the credit note details, you are not ready to proceed to finalising and printing the credit note you can save what you have entered and come back to at a later stage. The document sits with a

status of Suspended in the Accounts Receivable posting queue in Finance One which lets them know it is not yet completed.

To save your document prior to printing:

- From the left hand menu box Document File Actions, select **Save Document File**
- You will be asked if you wish to proceed saving without printing, click Yes
- The document will now move to a status of Suspended.

To go back and complete your credit note:

- Click on the **Transaction Entry** tab
- Along the top of the screen, you will see a field which says All Unposted Document Files, click the down arrow and select **My Document Files**
- Click Retrieve
- Your suspended AR document files will now be displaying.
- Click on the relevant document file and the credit note entry screen will open with all information previously entered displaying.
- Proceed with completing your credit note.

Please note the Accounts Receivable Team will reach out to you if you still have an AR document with a status of Suspended at month end. It is good practice to not leave a document suspended for more than five days.

4. Credit note acceptance

Once you have checked your credit note and there are no errors:

- From the left hand menu box Document File Actions, select **Accept**

Finance One will now return you to the AR documents screen and your AR credit note will now move to sit in the AR Document Files posting queue for the Accounts Receivable Team to review and Post to the ledger.

If your credit note will result in the University having to pay money back to the debtor, the Accounts Receivable Team will check you have attached relevant HoD approval to the credit note. If this approval is not attached, they will contact you and ask for the approval before posting the credit note to the ledger.

5. Email credit note to Customer

Once Accounts Receivable have posted your credit note to the ledger you can proceed with emailing your credit note (and any applicable attachments) to the customer.

You can check if your credit note has been posted by Accounts Receivable by one of two methods:

a. Reviewing via the Transaction Entry tab

10. Go to the **Transaction Entry** tab
11. Click on the down arrows beside **Search** which will open search criteria fields
12. In the first field click on the down arrow and choose **Created By**
13. In the second field leave as the default entry of **Like**

14. In the third field enter your user name

15. Choose **All Unposted Document Files**

16. Click on **Retrieve**

This will return any AR documents you have created which are yet to be posted. If your credit note document is not displaying, then it has been posted and you can email your credit note to the customer.

b. [Set up an alert in Finance One to easily see your unposted AR documents](#)

- Go to the **Home** tab
- Click **Configure** at the top right of the Alerts Portlet
- In the Alerts Configuration section of the screen scroll down to Accounts Receivable Debtors and click on the down arrows to open the alert options.
- Scroll down to **My Unposted AR Document Files**
- Click **Enable**
- From the left hand menu box Actions to Perform, select **Save**
- Click **Close** – you should now see the alert on the Home tab. By clicking on the hyperlink for the alert you will be taken directly to the documents which remain unposted.

Credit note alteration after Printing

Once the AR Credit Note has been printed, all fields will change colour and subsequent alterations will not be permitted.

If your credit note has not been posted to the ledger by Accounts Receivable, you are able to use the Void document function to void the document which will release the fields which greyed out after printing your invoice document and allocate a new credit note number. All other information you entered in the credit note document remains the same.

To Void a Document

17. From the left hand menu box Document Actions, select **Void Document**

18. The Void Document screen will open

19. The screen defaults to voiding the current document.

20. Enter a reason for voiding into the Reason for voiding field (note this is mandatory)

Void Document

Void Document

Once documents have been voided, they can then be modified and re-transmitted. Documents which have been transmitted via email, etc., will be emailed again when they are re-transmitted.

Document void range

Current Document

All Documents 1 printed documents

Selected Documents [] to []

NOTE: Only printed documents within the nominated range will be voided.

Reason for voiding:* Error in print details

OK Cancel

21. Click OK

22. You can now make the necessary corrections to your credit note and then complete the Credit note finalisation and printing step.

You should delete the email with the original credit note, so you do not inadvertently send out the incorrect credit note.

What if my credit note has been posted to the ledger and now needs to be changed?

If you discover an error after the credit note has been posted to the ledger or the customer advises you of an issue after they receive the credit note please reach out to the Accounts Receivable Team for further assistance, receivables@otago.ac.nz.