



## Financial Management Modernization Initiative (FMMI)

FMMI 206 – Accounts Receivable  
Overview





# Course Outline



- **Introduction Module**
- Module 1 – Accounts Receivable Process Overview
- Module 2 – Customer Master Data Sub-Process
- Module 3 – Sales Order and Billing Sub-Process
- Module 4 – Accounts Receivable (AR) Invoice Sub-Process
- Module 5 – Collections Sub-Process
- Module 6 – Credit Memo Sub-Process
- Module 7 – Debt Management and Referral Sub-Process
- Course Summary
- Course Evaluation



# Welcome to FMMI 206 Accounts Receivable Overview



- The 206 Accounts Receivable Overview course will provide you an introduction to the process, coordination, and information needed to understand the Accounts Receivable process in FMMI. The course introduces you to:
  - End to End Accounts Receivable process
  - Key Terminology
  - FMMI User roles and their responsibilities
  - Accounts Receivable touchpoints with other areas





# Course Objectives



After completing this course, you will be able to:

- Explain key Accounts Receivable terminology and business concepts
- Explain the high level Accounts Receivable process and sub-processes
  - Customer Master Data sub-process
  - Sales Order and Billing sub-processes
  - Accounts Receivable invoice sub-process
  - Collections sub-process
  - Credit Memo sub-process
  - Debt Management and Referral sub-processes
- Explain the FMMI roles required to perform the Accounts Receivable process
- Explain how other business areas interact with the Accounts Receivable process
- Provide examples of the FMMI standard reports





# Introduction Module Overview



Before you get started with the course modules, review the next slides. The next slides include:

- Business Process Flow Reference Guide
- Review of the FMMI Curriculum
- Review of the content covered in FMMI 101 – Introduction to FMMI



# Introduction to FMMI (100 Level) Review



As a prerequisite to the 200 Level courses, you participated in the FMMI 101 -Introduction to FMMI course. FMMI 101 provided a high-level overview of the FMMI project, changes and impacts of the implementation, and benefits of the new system.

After completing the 100 Level course, you learned to:

- Summarize the FMMI program objectives
- Explain the benefits and advantages FMMI provides
- Describe an Enterprise Resource Planning (ERP) solution and the benefits it provides USDA
- Explain new business processes and concepts
- Explain the key implementation timeline and milestones
- Explain what organizations are impacted by each release of FMMI

The 200 Level Process Overview courses takes a step further and provides you a high-level overview of FMMI's new terminology and business processes.

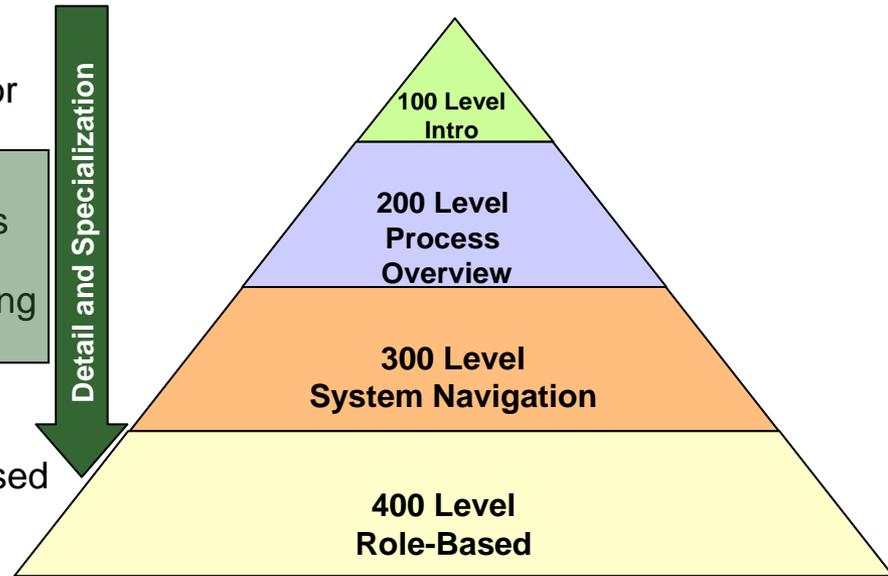


# Your Curriculum



The FMMI Training curriculum outlines the training required for FMMI User Roles. The training courses provide an understanding of the FMMI program and application(s) and the USDA financial processes.

- **Introduction to FMMI (100 Level)**
  - Overview of the FMMI project
  - Instructor-led course, delivered in an auditorium or via teleconference
- **Process Overview (200 Level)**
  - High-level view of USDA's core financial business processes
  - Web-based course, delivered via AgLearn Learning Management System
- **System Navigation (300 Level)**
  - Hands-on practice navigating the FMMI system
  - Instructor-led course, delivered in a computer-based classroom
- **Role-Based (400 Level)**
  - Hands-on training and detailed introductions on how to process transactions in the FMMI system
  - Instructor-led course, delivered in a computer-based classroom





# Module Completion



Congratulations! You have completed the introduction module. The next few modules provide you an overview of the Accounts Receivable process in FMMI.





# Course Outline



- Introduction Module
- **Module 1 – Accounts Receivable Process Overview**
- Module 2 – Customer Master Data Sub-Process
- Module 3 – Sales Order and Billing Sub-Process
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# Welcome to Module 1: Accounts Receivable Process Overview



- This module will provide you an overview of the Accounts Receivable process
- Proceed to each new page by clicking the **Next** button when you have finished reading the content on a page
- To view a full list of the topics covered in this module, click the Menu button on the top right corner of the course
- When you are finished with the Module, click **Exit** to mark the module complete and return to AgLearn





# Objectives



After completing this module, you will be able to:

- Explain the process flow of Accounts Receivable business activities
- Explain the key Accounts Receivable terminology and business concepts
- Describe purpose and use of FMMI user roles in the Accounts Receivable process
- Explain the interactions between the Accounts Receivable process and other business areas within FMMI
- Provide examples of the FMMI standard reports





# Key Terminology



Review the following terms and definitions before beginning the Accounts Receivable Process Overview module:

- **Accounts Receivable (AR) Invoice** = A legally binding document issued to customers itemizing money owed for products or services rendered
- **Billing** = The process of calculating the amount a customer owes USDA for services rendered or products purchased
- **Credit Memo** = A posting that reduces the balance of receivables or payables. A credit memo is normally created if the goods or services provided are returned or the price charged is too high
- **Customer Master Data** = A data record containing all the information necessary to conduct business with a single customer. Each record includes three levels of data: general level data, company code level data, and sales organization level data



# Key Terminology Continued



- **Posting** = Transfer of a business transaction into the General Ledger or sub-ledgers
- **Reimbursable Agreement** = A contract for the delivery of goods or services by a USDA Agency to a customer, which may be a Federal or non-Federal organization, to whom it may bill for the costs

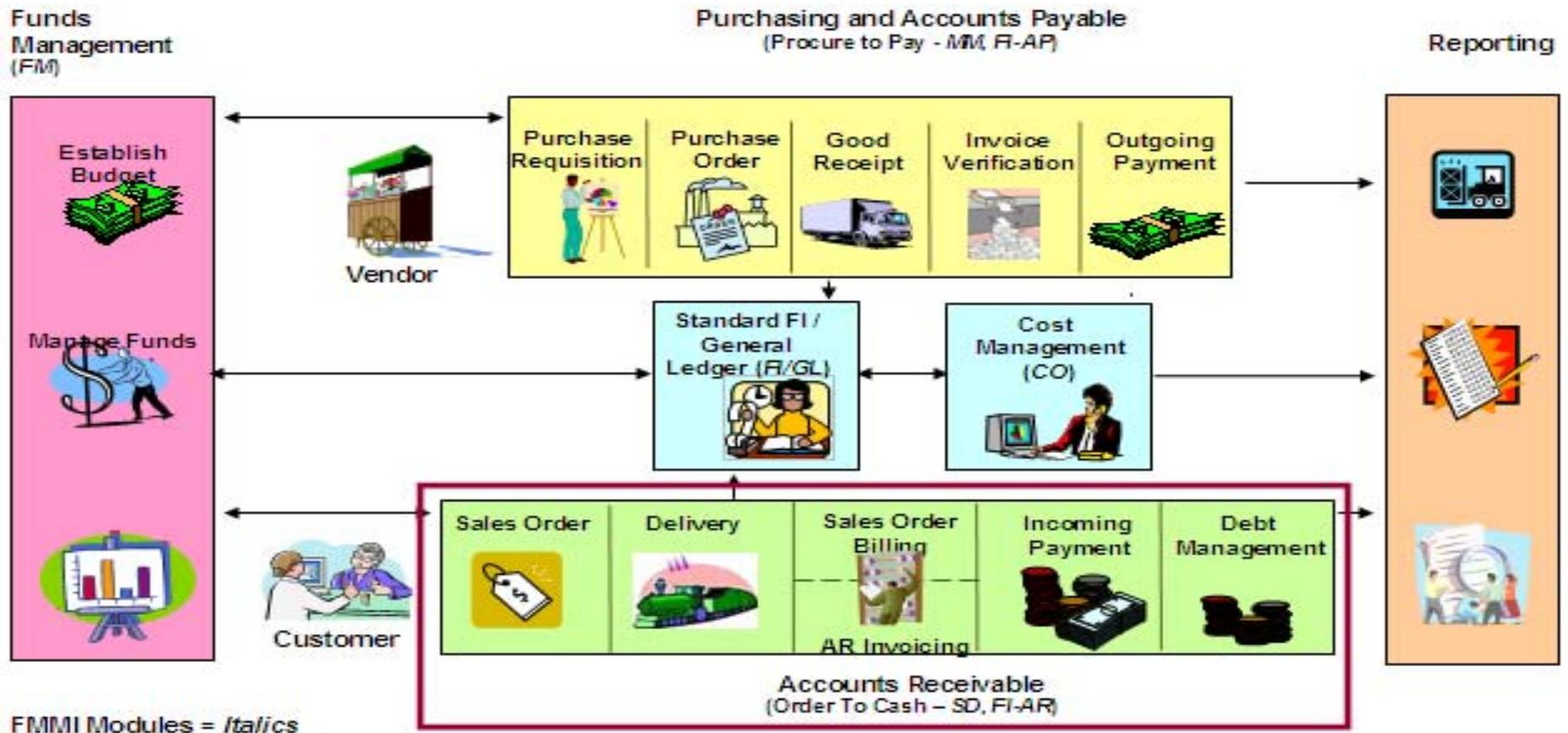




# FMMI Financial Process Flow



This process flow illustrates the FMMI Financial end to end process. The highlighted area illustrates where the Accounts Receivable process fits in the entire process.

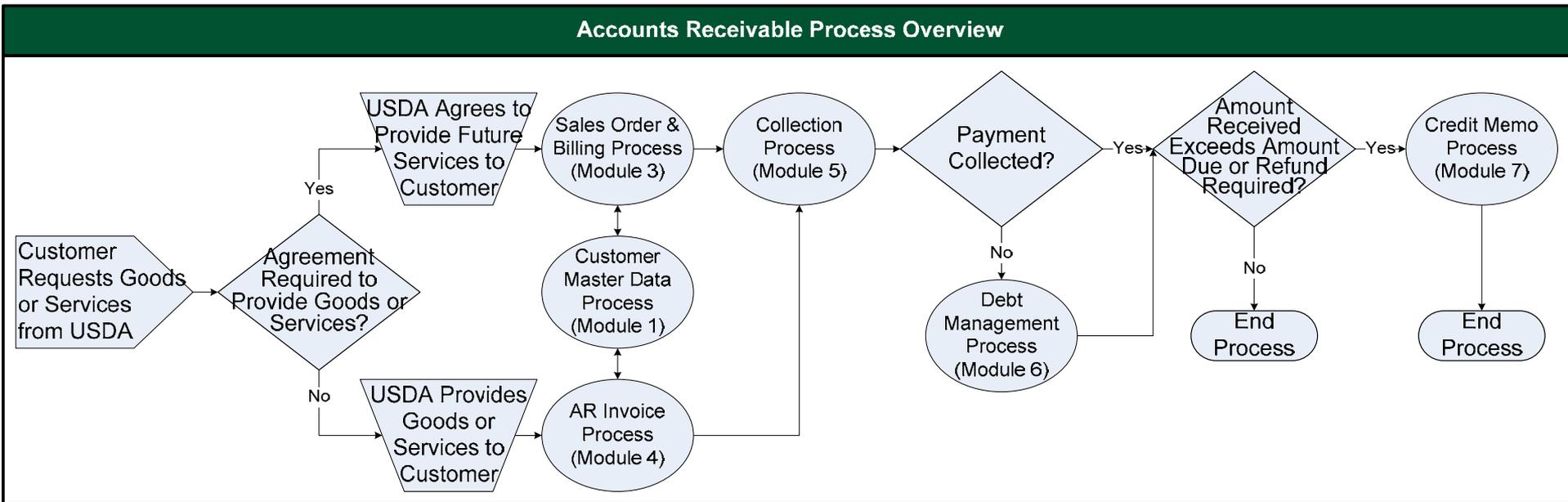




# Business Process Flow



This process flow outlines the key activities related to the end-to-end Accounts Receivable process:



Each oval process step corresponds to a module in this course.



# Key Business Concepts



The following business concepts pertain to the Accounts Receivable (AR) process area in FMMI:

- The FMMI system provides a single location to perform all Accounts Receivable transactions with one username and password
- One Customer Master Data record in the FMMI Customer Master Table represents each unique customer
- Create a sales order or an Accounts Receivables (AR) Invoice in FMMI to manage and collect charges incurred by a customer for goods or services provided by USDA
- Receive and document incoming payments for goods and services provided by the USDA to a customer through the Collections process
- Collect past due debt, charge penalties, fees, and interest, refer for collection, or write-off past due receivables with the Debt Management process
- Return money back to a customer through the Credit Memo process



# FMMI User Roles



- Role Alignment is the process of defining FMMI User Roles required to obtain system access to perform the FMMI business processes
- Once roles are defined, FMMI users are aligned to them
- Proper role definition and alignment:
  - Ensures that the people have access to perform the tasks to needed achieve FMMI business benefits
  - Ensures proper segregation of duties
  - Ensures FMMI users receive proper training
- An individual user may be assigned one or more FMMI roles based on their responsibilities
- FMMI user roles are explained further in the upcoming modules

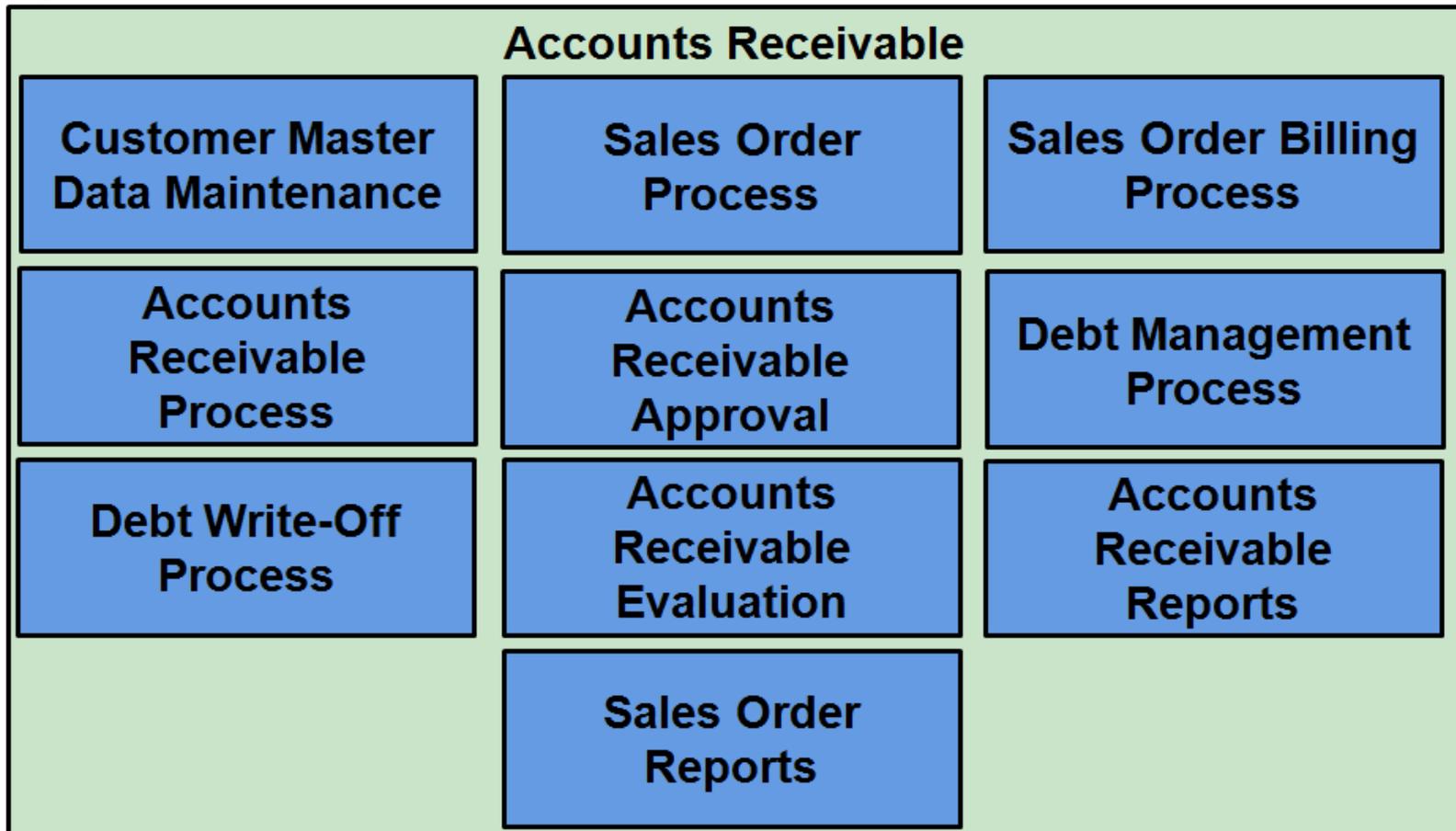




# Accounts Receivable in FMMI Portal



In the FMMI Portal, the Accounts Receivable area consists of ten sub-process areas based on system access roles. Some AR transactions require the use of multiple areas



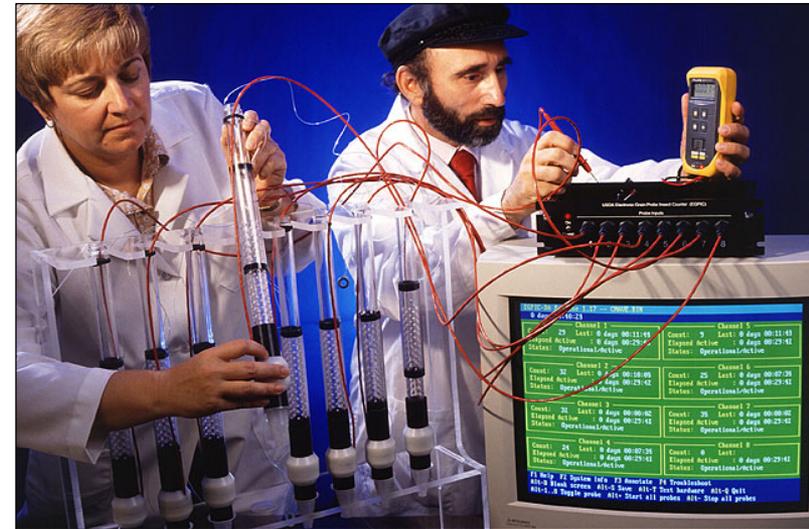


# Customer Master Data



Customer master data records represent the individual customers who purchase goods or services from USDA

- In FMMI, the centrally maintained FMMI Customer Master Table stores customer master data records
- Only Department level users create and maintain customer master data records
- Agency level users use customer master data to complete transactions
- A customer can be a Federal or non-Federal customer
- All vendor master data records reside separately in the FMMI Vendor Master table





# Sales Orders and Accounts Receivable Invoices



A USDA Agency documents the sale of goods or services to a customer in one of two ways:

- A sales order is a document in FMMI representing an agreement with a customer for the purchase of goods or services
- Create a sales order for agreement-based receivables and trust fund agreements
- An Accounts Receivable (AR) invoice is a document in FMMI representing the customer bill of goods and services after the purchase has occurred
- Create an AR invoice for direct accounts receivables



# Sales Order Billing



After entering a sales order, the Sales Order Billing process collects costs incurred against the sales order and bills the customer for those costs

- A billing plan is a schedule of individual billing dates for a single item in a sales order
- FMMI provides both periodic billing and milestone billing functionality
  - Periodic billing produces a bill for a total amount due each interval (i.e. monthly, quarterly, etc.) for each individual billing date in the plan
  - Milestone billing produces a bill which distributes the total amount due over multiple billing dates in the billing plan





# Collections



A customer pays USDA the amount due for a receivable through the Collections process

- The three FMMI collection methods are:

<b>Intra-Governmental Payment and Collection System (IPAC)</b>	<b>Lockbox</b>	<b>Manual Collection</b>
A payment method allowing the transfer of funds between government agencies	An intermediate method for collecting money deposited at a bank before the money is transferred to the USDA Account	Checks or cash provided directly to the USDA

- FMMI accepts advance payments and payments for past due debts through the Collections process



# Debt Management and Referrals



In the event a customer does not pay or provide payment on time, USDA uses the Debt Management and Referrals process to encourage collection of past due debt and to manage uncollectible debt

- Customers who qualify can arrange an installment plan to repay the debt over time
- The dunning process encourages repayment of past due debt through a series of notifications and corresponding penalties
- For debt determined uncollectible, USDA can either write-off the debt from the General Ledger or, after 180 days, refer it for collection
- Additionally, US Treasury offset process can collect some debts



# Touchpoints



- Touchpoints are those instances where one process, sub-process or activity interacts with another process, sub-process or activity
- Accounts Receivable interacts with the following processes:
  - Funds Management
  - General Ledger
  - Periodic Processing
  - Cost Management





# FMMI Reporting



FMMI provides users with much needed information by utilizing reports. Listed below are some examples of reports available in FMMI:

- Due Date Analysis for Open Items Report
- List of Customer Open Items Report
- Customer Payment History Report
- Customer Open Item Analysis by Balance of Overdue Items Report
- Transaction Figures: Account Balance Report
- Transaction Figures: Sales Report
- Customer List Report
- Customer Sales Report

Later FMMI courses provide a more exhaustive list and more detailed information about reporting.



# Learning Checkpoint Question and Answer (Q&A)



- Now is your opportunity to see if you are learning the course material
- If you answer the questions incorrectly, please be sure to reference the course if you need more explanation about key concepts





# Learning Checkpoint Question and Answer (Q&A)



1. **True/False:** Users are able to complete all Accounts Receivables transactions in one location with one username/password in FMFI. (True)
  
2. **True/False:** A single Customer Master Data record in the FMFI Customer Master Table can represent one or more customers. (False)
  
3. **Multiple Choice:** The Accounts Receivable area of FMFI includes all of the following except:
  - a. Create and Manage Customer Master Data
  - b. Create Sales Orders
  - c. **Create Internal Orders**
  - d. Create Billing Documents



# Learning Checkpoint Question and Answer (Q&A)



- 4. **Multiple Choice:** Proper role definition and alignment achieve the following goals:
  - a. Ensures people have access to perform the tasks needed to achieve FMMI business benefits
  - b. Ensures proper segregation of duties
  - c. Ensures FMMI users receive proper training
  - d. ***All of the Above***
  
- 5. **Multiple Choice:** IPAC, Lockbox, and Manual Checks are methods to:
  - a. ***Collect money for open receivables***
  - b. Create receivables
  - c. Refund money through Credit Memos
  - d. None of the Above



# Module Summary



In this module, you learned to:

- Explain the process flow of Accounts Receivable business activities
- Explain the key Accounts Receivable terminology and business concepts
- Describe purpose and use of FMMI user roles in the Accounts Receivable process
- Explain the interactions between the Accounts Receivable process and other business areas within FMMI
- Provide examples of the FMMI standard reports





# Module Completion



Congratulations! You have completed Module 1 – Accounts Receivable Process Overview. The next module provides you an overview of the Customer Master Data sub-process





# Course Outline



- Introduction Module
- Module 1 – Accounts Receivable Process Overview
- **Module 2 – Customer Master Data Sub-Process**
- Module 3 – Sales Order and Billing Sub-Process
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# Welcome to Module 2: Customer Master Data Sub-Process



- This module will provide you an overview of the Customer Master Data sub-process
- Proceed to each new page by clicking the **Next** button when you have finished reading the content on a page
- To view a full list of the topics covered in this module, click the Menu button on the top right corner of the course
- When you are finished with the Module, click **Exit** to mark the module complete and return to AgLearn





# Objectives



After completing this module, you will be able to:

- Explain the process flow of Customer Master Data business activities
- Explain the key Customer Master Data sub-process business concepts and terminology
- Describe the roles that manage and view Customer Master Data
- Explain the interactions between the Customer Master Data sub-process and other business areas within FMMI





# Key Terminology



Review the following terms and definitions before beginning the Customer Master Data module:

- **Block** = A block against a customer master data record prevents future activity against the account. A block may be applied at the Sales Organization (Agency) or Company Code (USDA) level. Remove a block at anytime to allow future activity against the account.
- **Company Code** = The highest organizational structure of financial accounting and control under which all structures use the same chart of accounts. In FMMI the Company Code will always be USDA.
- **Customer Master Data Record** = The data contained within a single record in the FMMI Customer Master table, including general customer data, company code data, and sales data.



# Key Terminology Continued



- **Mark for Deletion** = The process to remove an inactive or duplicate customer master data record from the FMMI Customer Master table
- **Sales Organization** = Organizational unit of Sales and Distribution at the next level below the Company Code level. In FMMI the Sales Organization represents an Agency

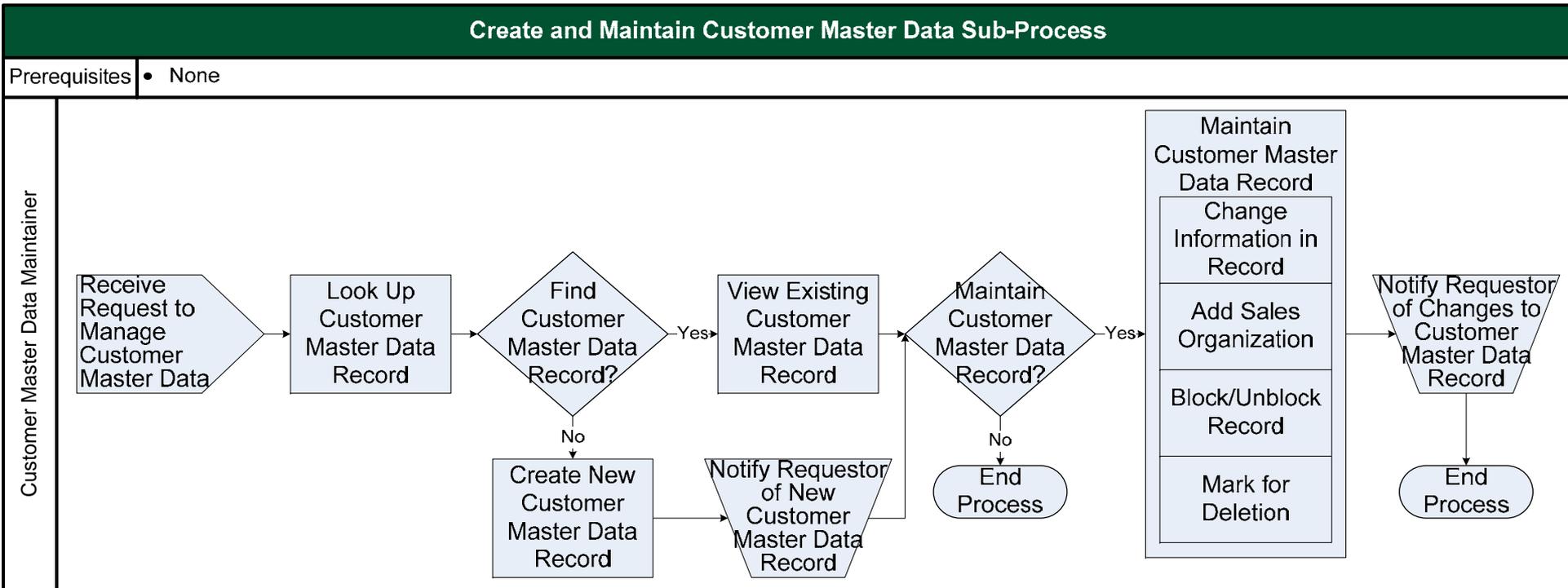




# Business Process Flow



This process flow outlines the key activities related to the Customer Master sub-process:





# Key Business Concepts



The following business concepts pertain to the Customer Master Data sub-process:

- Customer Master Data records in the FMMI Customer Master table contain all information required for USDA to conduct business with a customer
- Creation and maintenance of all customer master data records is centralized and occurs only at the Department level
- Customer master data records are available at the Agency and Staff Office level for transactional use and include general customer data, company code data, and sales organization data
- The FMMI Customer Master table is separate from the FMMI Vendor Master table, which contains all of the vendors who provide services or goods to USDA



# FMMI User Roles



The FMMI Customer Master Data sub-process includes the following roles:

Role Name	Definition
Customer Master Data Maintainer <i>- Department level role</i>	<ul style="list-style-type: none"> <li>■ Create and display customer master data record in the FMMI Customer Master Table</li> <li>■ Change information within a customer master data record</li> <li>■ Extend a record to a Sales Organization</li> <li>■ Block/unblock a customer master data record</li> <li>■ Mark a customer master data record for deletion</li> </ul>
Accounts Receivable Evaluator <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ Display customer master data record</li> </ul>



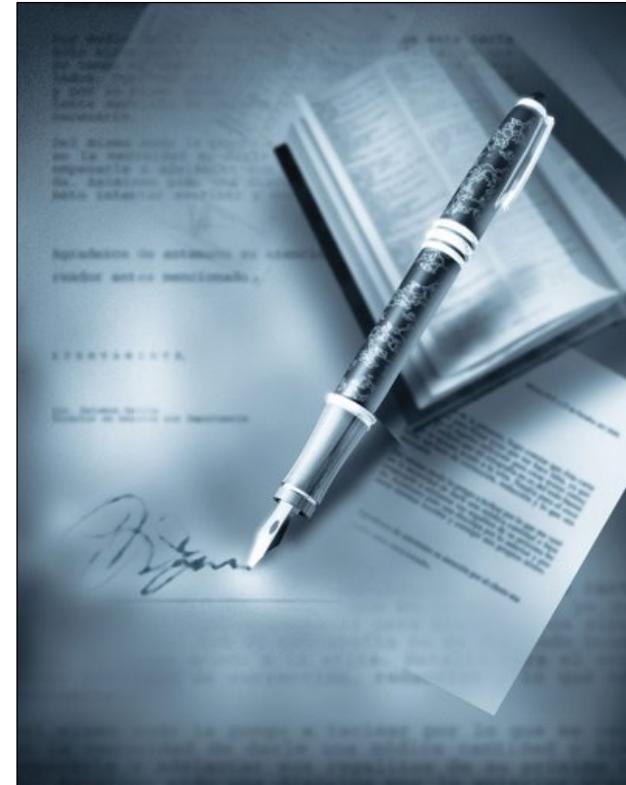


# Customer Master Data Composition



Each customer master data record contains four sections or views:

- **General Data View** – Name, Address, Tax ID, Contact Person fields
- **Company Code View** – Reconciliation Account, Payment Terms, Tolerance Groups, Lockbox, and Dunning fields
- **US Federal Government View** – ALC, Payment Office (for IPAC processing)
- **Sales Area View** – Sales Organization, Division, Payment Terms, Distribution Channel





# Create Customer Master Data Record



Add a new customer master data record to the FMMI Customer Master Data table with the following process:

- An Agency level user sends a request to the Customer Master Data Maintainer to add a new customer master data record
- The Customer Master Data Maintainer determines if a record already exists for the customer before creating a new record
- After creating the new record, the Customer Master Data Maintainer notifies the requestor of new record





# Display Customer Master Data Record



Display a Customer Master Data record to view all information contained within the record

- Both Department level and Agency level users with one of the following roles have the ability to display a customer master data record:
  - Customer Master Data Maintainer (Department level only)
  - Accounts Receivable Evaluator (Department and Agency level)
- Agency level users only have view access to customer master data records for their Agency
- Records appear as non-editable within the display function



# Maintain Customer Master Data Record Information



Maintain the information within an existing customer master data record with the following process:

- An Agency level user sends a request to the Customer Master Data Maintainer to update an existing customer master data record
- The Customer Master Data Maintainer locates the customer master data record and performs the required updates
  - Update information within one or more of the record views
    - Certain fields are non-editable and will be discussed in the 400 level Customer and Vendor Master Data Maintenance course
  - Extend (add) a sales organization
  - Block or unblock a record at the sales organization or company code level
  - Mark a record for deletion
- After the record is updated, the Customer Master Data Maintainer notifies the agency user of the update



# Touchpoints



The following table outlines the key touchpoints between the Customer Master Data sub-process and other business areas within FMMI

Process	Touchpoint
Accounts Receivable – Sales Orders and Billing, AR Invoices, Credit Memos, Debt Management and Referrals	<ul style="list-style-type: none"><li>■ All Accounts Receivable roles use Customer Master Data to complete Accounts Receivable transactions.</li></ul>



# Learning Checkpoint Question and Answer (Q&A)



- Now is your opportunity to see if you are learning the course material
- If you answer the questions incorrectly, please be sure to reference the course if you need more explanation about key concepts





## Learning Checkpoint Question and Answer (Q&A)



- 1. True/False:** Customer Master Data records are only created by the Customer Master Data Maintainer at the Department level. (True)
- 2. True/False:** The FMMI Customer Master table is separate from the FMMI Vendor Master table, which contains all of the vendors who provide services or goods to USDA. (True)
- 3. True/False:** In FMMI, the company code is the highest organizational level and will always represent the individual agency. (False)



# Learning Checkpoint Question and Answer (Q&A)



4. **Multiple Choice:** The Customer Master Data Maintainer can perform the following functions:
- a. Create Customer Master Data
  - b. Update Customer Master Data
  - c. Block or Unblock Customer Master Data
  - d. Mark Customer Master Data for Deletion
  - e. *All of the Above*
5. **Multiple Choice:** Each Customer Master Data record contains \_\_\_\_\_ section(s) or view(s).
- a. One
  - b. Two
  - c. Three
  - d. *Four*



# Module Summary



In this module, you have learned to:

- Explain the process flow of Customer Master Data business activities
- Explain the key Customer Master Data sub-process business concepts and terminology
- Describe the roles that manage and view Customer Master Data
- Explain the interactions between the Customer Master Data sub-process and other business areas within FMMI





# Module Completion



Congratulations! You have completed Module 2 – Customer Master Data sub-process. The next module provides you an overview of the Sales Order and Billing sub-process





# Course Outline



- Introduction Module
- Module 1 – Accounts Receivable Process Overview
- Module 2 – Customer Master Data Sub-Process
- **Module 3 – Sales Order and Billing Sub-Process**
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- Module 5 – Collections Sub-Process
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# Welcome to Module 3: Sales Order and Billing Sub- Process



- This module will provide you an overview of the Sales Order and Billing sub-process
- Proceed to each new page by clicking the **Next** button when you have finished reading the content on a page
- To view a full list of the topics covered in this module, click the Menu button on the top right corner of the course
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# Objectives



After completing this module, you will be able to:

- Explain the process flow of sales order and billing business activities
- Explain the key sales order and billing business concepts and terminology
- Explain the types and composition of a sales order
- Explain the billing methods for sales orders
- Describe the inter-agency reimbursable sales order process
- Describe the Sales Order and Billing sub-process roles
- Explain the interactions between the Sales Order and Billing sub-process and other business areas within FMMI





# Key Terminology



Review the following terms and definitions before beginning the Sales Order and Billing module:

- **Down Payment Request** = Amount of money required before USDA will provide goods or services to a customer. This is mandated for commercial customers, but could be required for a government entity
- **Funded Program** = A portion of a Fund designated for a specific use and to which a work breakdown structure (WBS) element can be associated for the purpose of controlling the level of spending on a sales order
- **Work Breakdown Structure (WBS) Element** = A cost object with a one-to-one relationship with a funded program leveraged to support direct charge and cost allocation for financial, procurement, and reimbursable processes.



# Key Terminology



Review the following terms and definitions before beginning the Sales Order Billing module (continued):

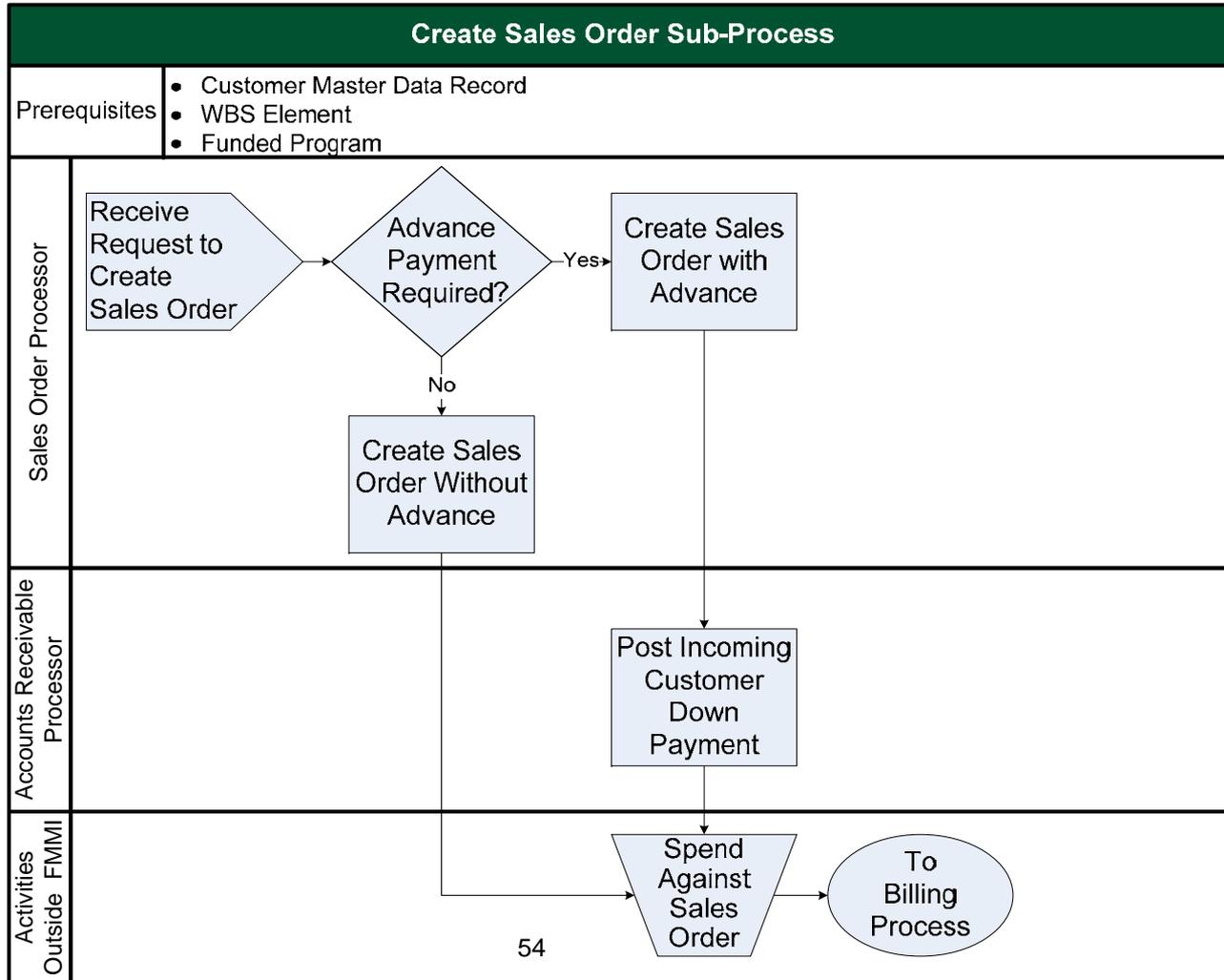
- **Reimbursable** = A type of receivable for the provision of goods and services by a USDA Agency to a customer, which may be a Federal or non-Federal organization, requiring a reimbursable agreement in return for payment
- **Sales Order** = A document posted to the General Ledger representing an agreement to provide future goods or services. After activity is incurred against the sales order, the billing process collects the costs and notifies the customer of the amount due.



# Business Process Flow



This process flow outlines the key activities related to the Create Sales Order sub-process:

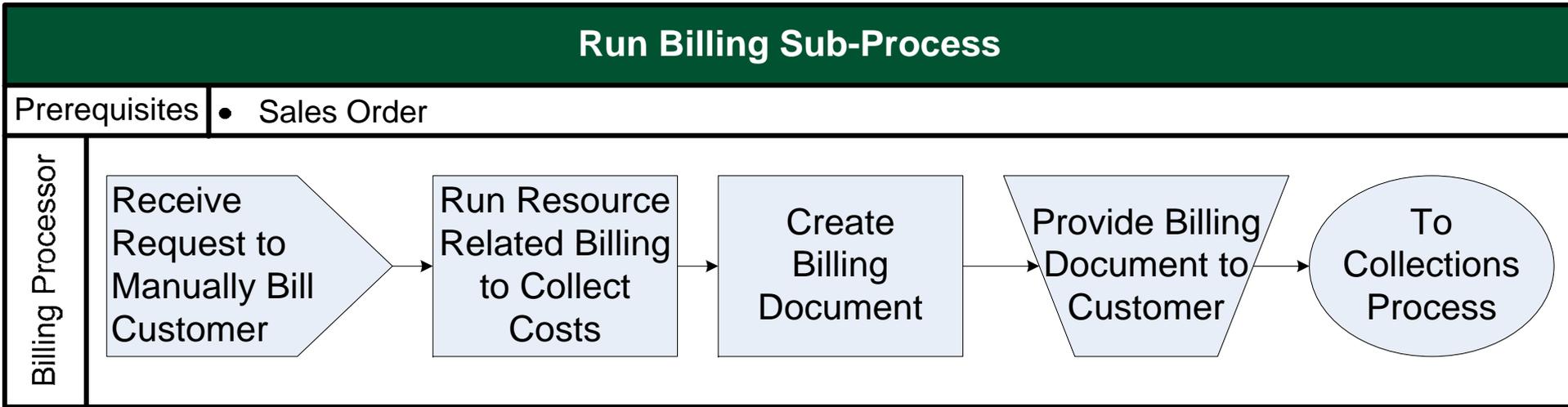




# Business Process Flow



This process flow outlines the key activities related to the Run Billing sub-process:



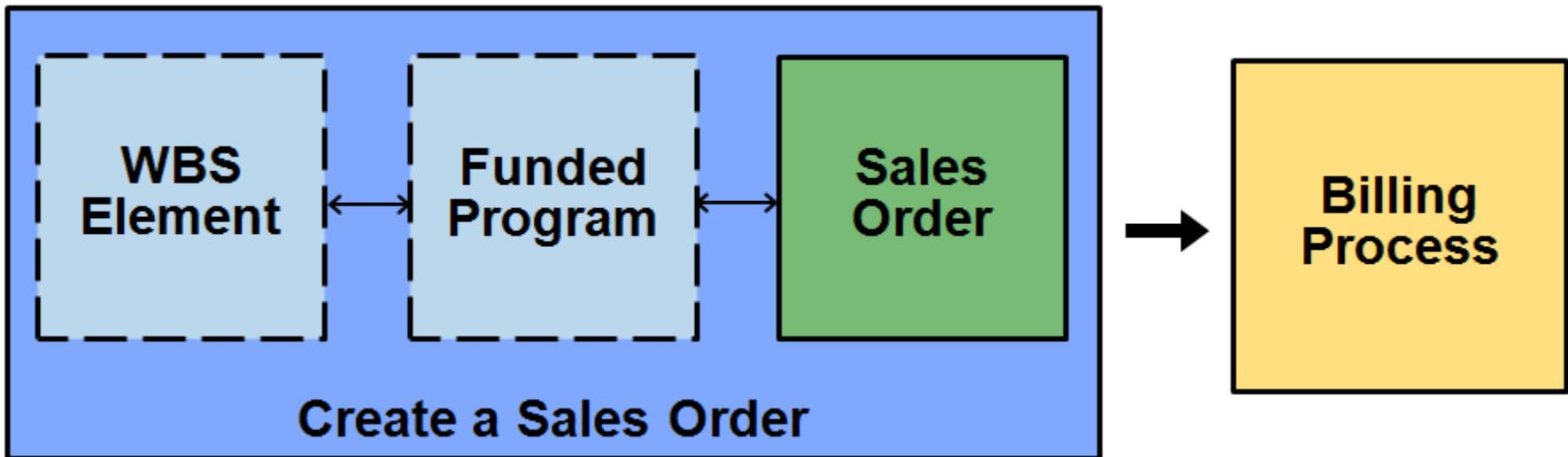


# Key Business Concepts



The following business concepts pertain to the Sales Order sub-process:

- A sales order represents a customer order for goods or services provided by USDA and tracks agreement based activities
- The work breakdown structure (WBS) element links a sales order with its corresponding Funded Program in a one-to-one relationship
- The billing process collects costs incurred against a sales order and notifies the customer of money due





# FMMI User Roles



The FMMI Sales Order and Billing sub-processes includes the following roles:

Role Name	Definition
Sales Order Processor <i>- Department and Agency level role</i>	<ul style="list-style-type: none"> <li>■ Create, Change, Display Sales Order</li> </ul>
Billing Processor <i>- Department and Agency level role</i>	<ul style="list-style-type: none"> <li>■ Create, Change, Display Billing Requests and Document</li> </ul>
Sales Order Reporter <i>- Department and Agency level role</i>	<ul style="list-style-type: none"> <li>■ Execute and View Sales Order Reports and Billing Report</li> </ul>
Accounts Receivable Reporter <i>- Department and Agency level role</i>	<ul style="list-style-type: none"> <li>■ Execute and View Sales Order Reports and Billing Report</li> </ul>





# FMMI User Roles



The FMMI Sales Order and Billing sub-processes includes the following roles:

Role Name	Definition
Accounts Receivable Evaluator <i>- Department and Agency level role</i>	■ Display Sales Order and Billing Transaction





# What is a Sales Order?



A sales order represents an agreement for goods or services provided by a USDA agency to a customer over a period of time

- Each sales order includes a sold-to- party, customer information, amount of authority provided, and funding details
- Only one Agency is referenced in a Sales Order agreement; not multiple agencies
- Sales Orders require a funded program and WBS element to exist before posting to the general ledger
- Once a Sales Order citing a WBS element and funded program exists, cost accumulation against the Sales Order can begin

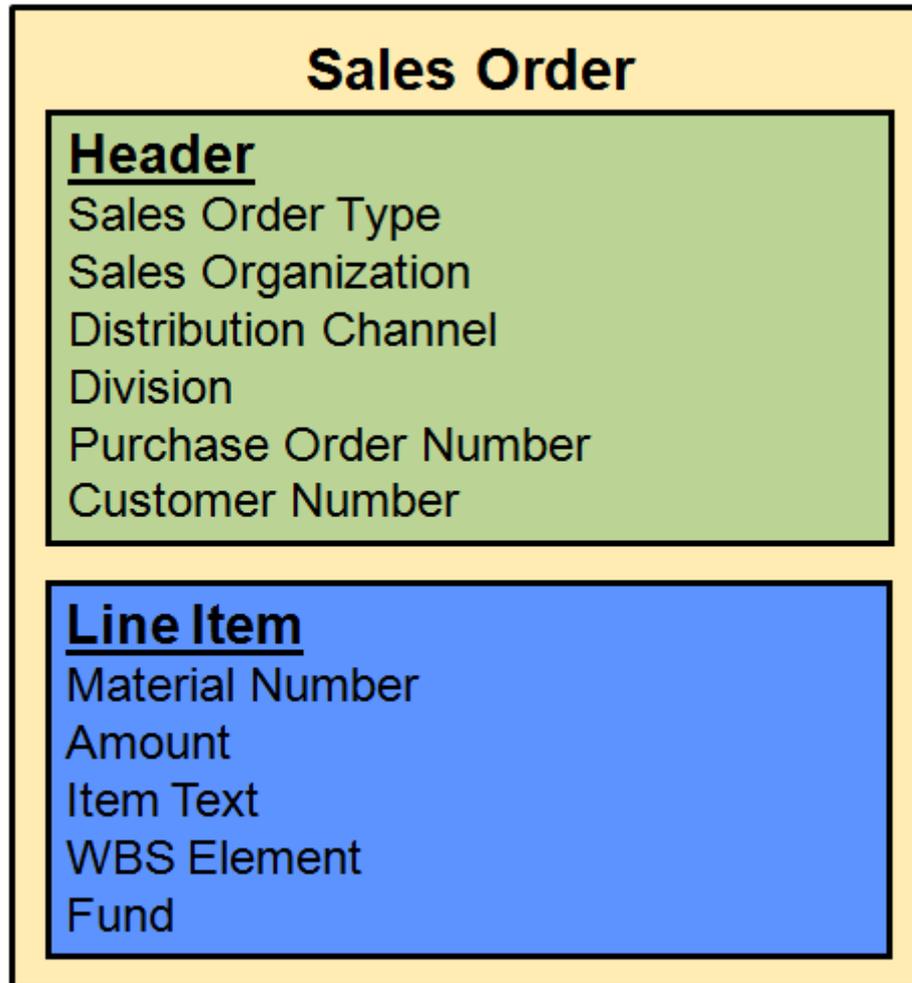




# Sales Order Composition



A FMMI Sales Order includes the following information:





# Incur Activity Against a Sales Order



Record activity against a Sales Order in the FMMI General Ledger

- The following could be recorded against a sales order:
  - Purchase requisition
  - Contract number and associated delivery/task order
  - Blanket purchase agreement
  - Grant
- The Billing sub-process, described later in this module, creates the receivable by collecting all costs incurred against the sales order

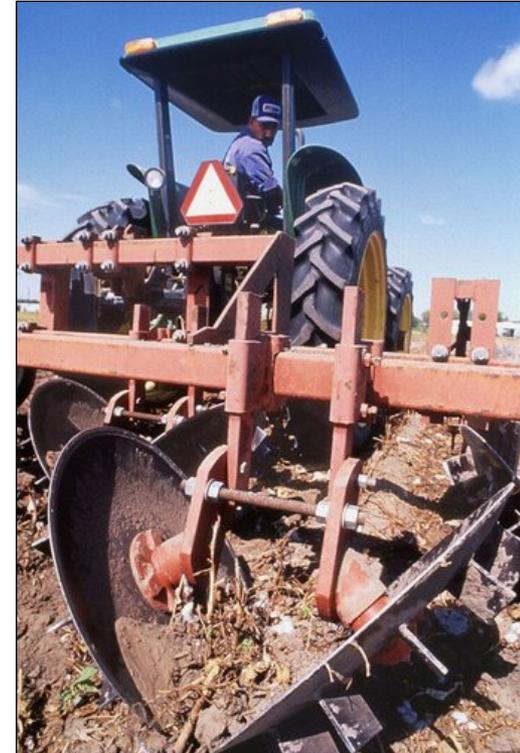


# Sales Order with an Advance



Create a sales order with an advance when a down payment is required before providing goods or services

- Collect the down payment prior to creating the sales order
- After collecting the down payment, create a sales order referencing the advance or a ROWA (Reimbursable Order With Advance) in FMMI
- Commercial customers are usually required provide an advance before USDA executes against a sales order
- In certain situations, some government customers may be required to provide an advance





# Sales Order without an Advance



Create a sales order without an advance when a down payment is not required before providing goods or services

- In FMMI, a sales order without an advance is a RONA (Reimbursable Order No Advance)
- Most sales orders for Federal clients do not require an advance payment
- For sales orders without an advance, the sales order is recorded in FMMI by the Sales Order Processor and USDA begins incurring costs against the sale order immediately





# Change a Sales Order



Edit an existing sales order in FMMI to correct any errors

- First, the Sales Order Processor determines if any subsequent documents for the sales order exist in FMMI
- Before running the billing process, the Sales Order Processor can update the following fields:
  - Amount
  - Billing Details
  - Text
  - Payment Terms
  - PO Number
  - Customer Number (If no follow-on activities occurred against the Sales Order)
- After running the billing process, the customer number and order line item information become non-editable



# Sales Order Billing



- Collect costs incurred against a sales order through the billing process
- Sales order billing activities are performed by the Billing Processor depending on the customer's individual billing schedule
  - When creating a sales order, FMMI determines the correct billing method based on the agreement and preferences in the customer master data record
  - Costs associated to a sales order are billed through resource related billing
  - Bills for non-Federal customers are printed and physically mailed to each customer
  - Federal customers are billed through the Intra-Governmental Payment and Collection (IPAC) system
  - The use of WBS elements provides enhanced billing capabilities by allowing cost posted to one WBS element to be allocated to sub WBS Elements automatically based on defined percentages

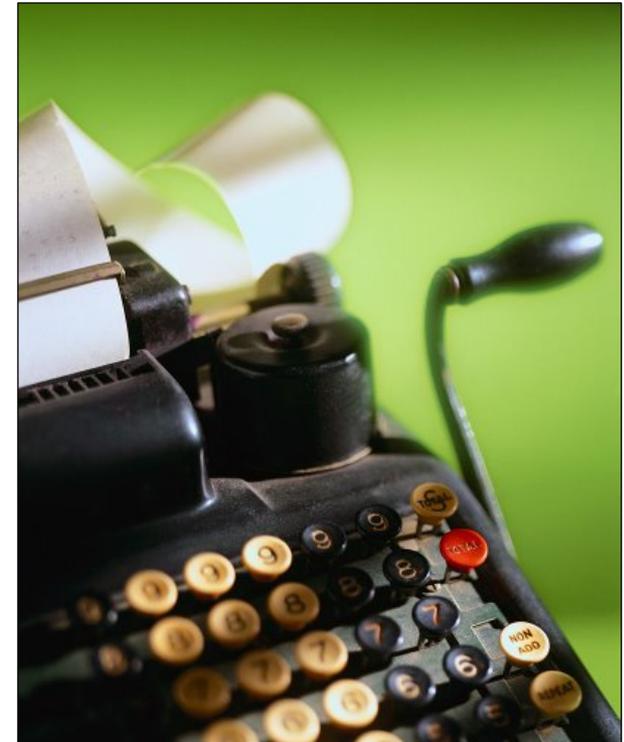


# Billing Creation



Billing customers in FMMI is a three step process

- Create a billing request to collect costs incurred against a sales order and place a billing block against the request
- To run the request, release the billing block and generate the billing due list
  - Resource related billing runs on a batch process schedule, but the Billing Processor can run the process manually
  - Periodic billing collects costs associated to a lease or other contract with a predefined amount due each billing period
- Generate and mail billing documents, for line items in the billing due list, to customers





# Inter-Agency Reimbursable Sales Order



Create an inter-agency reimbursable sales order when one USDA Agency purchases goods or services from a second USDA Agency

- The Agency purchasing goods or services creates a purchase order in FMMI
  - The purchase order does not reference a reimbursable fund and may not reference a WBS element
- The Agency providing goods or services creates a sales order referencing its own reimbursable fund and a WBS element
- Inter-agency reimbursable sales orders use periodic billing to recognize revenue
  - The billing amount equals the costs tied to the WBS element



# Touchpoints



The following table outlines the key touchpoints between the Sales Order and Billing sub-process and other business areas within FMMI

Process	Touchpoint
Accounts Receivable – Collections, Credit Memos, and Debt Management and Referrals	<ul style="list-style-type: none"> <li>■ After collecting payment for bill, the Accounts Receivable Processor will post the payment and clear the receivable in the General Ledger</li> <li>■ If too much money is collected, the Accounts Receivable Processor and Accounts Receivable Approver can also create a credit memo to refund the amount</li> <li>■ When customer debt becomes past due, the Debt Management Processor performs actions to encourage repayment. In cases of uncollectible debt, the Debt Write-Off processor writes off the debt</li> </ul>



# Touchpoints Continued



Process	Touchpoint
Funds Management	<ul style="list-style-type: none"><li>■ The Funds Management Administrator creates and maintains the funded programs necessary to perform reimbursable work</li></ul>
Cost Management	<ul style="list-style-type: none"><li>■ A WBS element must exist in the Cost Management area before creating a sales order. The WBS element links the sales order and funded program</li></ul>
Accounts Payable	<ul style="list-style-type: none"><li>■ The Invoice Processor and Invoice approver are responsible for creating the purchase orders required for invoicing for intra-agency agreements</li></ul>
General Ledger	<ul style="list-style-type: none"><li>■ The General Ledger (GL) Processor, GL Approver, and GL Management Approver are responsible for the process of managing Accounts Receivable related activities in the GL at month and year end</li></ul>
Periodic Processing	<ul style="list-style-type: none"><li>■ The Period End Processor reconciles any open sales orders or bills at the month, quarterly, and year end</li></ul>



# Learning Checkpoint Question and Answer (Q&A)



- Now is your opportunity to see if you are learning the course material
- If you answer the questions incorrectly, please be sure to reference the course if you need more explanation about key concepts





# Learning Checkpoint Question and Answer (Q&A)



1. **True/False:** A Sales Order represents an agreement between USDA and a customer for goods or services to be provided. (True)
  
2. **True/False:** Issue a Down Payment Request after creating the Sales Order. (False)
  
3. **Multiple Choice:** Sales Orders are billed through:
  - a. Periodic Billing
  - b. Milestone Billing
  - c. Advance Billing
  - d. **A and B**



# Learning Checkpoint Question and Answer (Q&A)



4. **Multiple Choice:** For interagency agreements , the Agency providing goods or services creates a Sales Order referencing its own: Reimbursable Fund and a WBS element
- a. Reimbursable Fund
  - b. Internal Order
  - c. WBS Element
  - d. **A and C**
5. **Multiple Choice:** The following could be recorded against a Sales Order, EXCEPT:
- a. Purchase Requisition Number
  - b. Contract Number and Associated Delivery/Task Order Number
  - c. **Payroll Expense**
  - d. Grant Number



# Module Summary



In this module, you learned to:

- Explain the process flow of sales order and billing business activities
- Explain the key sales order business concepts and terminology
- Explain the types and composition of a sales order
- Explain the billing methods sales orders
- Describe the inter-agency reimbursable sales order process
- Describe the Sales Order and Billing sub-process roles
- Explain the interactions between the Sales Order and Billing sub-process and other business areas within FMMI





# Module Completion



Congratulations! You have completed Module 3 – Sales Order and Billing Sub-Process. The next module provides you an overview of the Accounts Receivable Invoice sub-process





# Course Outline



- Introduction Module
- Module 1 – Accounts Receivable Process Overview
- Module 2 – Customer Master Data Sub-Process
- Module 3 – Sales Order and Billing Sub-Process
- **Module 4 – Accounts Receivable (AR) Invoice Sub-Process**
- Module 5 – Collections Sub-Process
- Module 6 – Credit Memo Sub-Process
- Module 7 – Debt Management and Referral Sub-Process
- Course Summary
- Course Evaluation



# Welcome to Module 4: Accounts Receivable (AR) Invoice Sub-Process



- This module will provide you an overview of the Accounts Receivable (AR) Invoice sub-process
- Proceed to each new page by clicking the **Next** button when you have finished reading the content on a page
- To view a full list of the topics covered in this module, click the Menu button on the top right corner of the course
- When you are finished with the Module, click **Exit** to mark the module complete and return to AgLearn





# Objectives



After completing this module, you will be able to:

- Explain the process flow of Accounts Receivable (AR) invoice business activities
- Explain key AR invoice terminology and business concepts
- Describe the FMMI roles associated with the AR Invoice sub-process
- Explain the interactions between the AR Invoice sub-process and other business areas within FMMI





# Key Terminology



Review the following terms and definitions before beginning the Accounts Receivable Invoice Process module:

- **Accounts Receivable (AR) Invoices** = Documents the costs related to an exchange of goods or services provided by the USDA to a customer. The exchange is not based on a predefined agreement
- **Park** = The intermediate process of saving a document until it is approved and posted to the General Ledger
- **Payment Terms** = The allowable length of time for a customer to pay the AR Invoice, typically 30 days
- **Revenue General Ledger (GL) Accounts** = General Ledger accounts summarized under the Revenue section showing each type of revenue



# What is an AR Invoice?



An AR invoice represents a direct accounts receivable

- An AR invoice differs from a sales order because it represents a one time exchange goods or services and not pre-arranged agreement for exchange across a period of time
- The receivable amount is due in full by the date specified in the payment terms
- Payment terms allow 30 days before the receivable becomes delinquent
- Use an AR invoice to bill a customer for activities like user fees

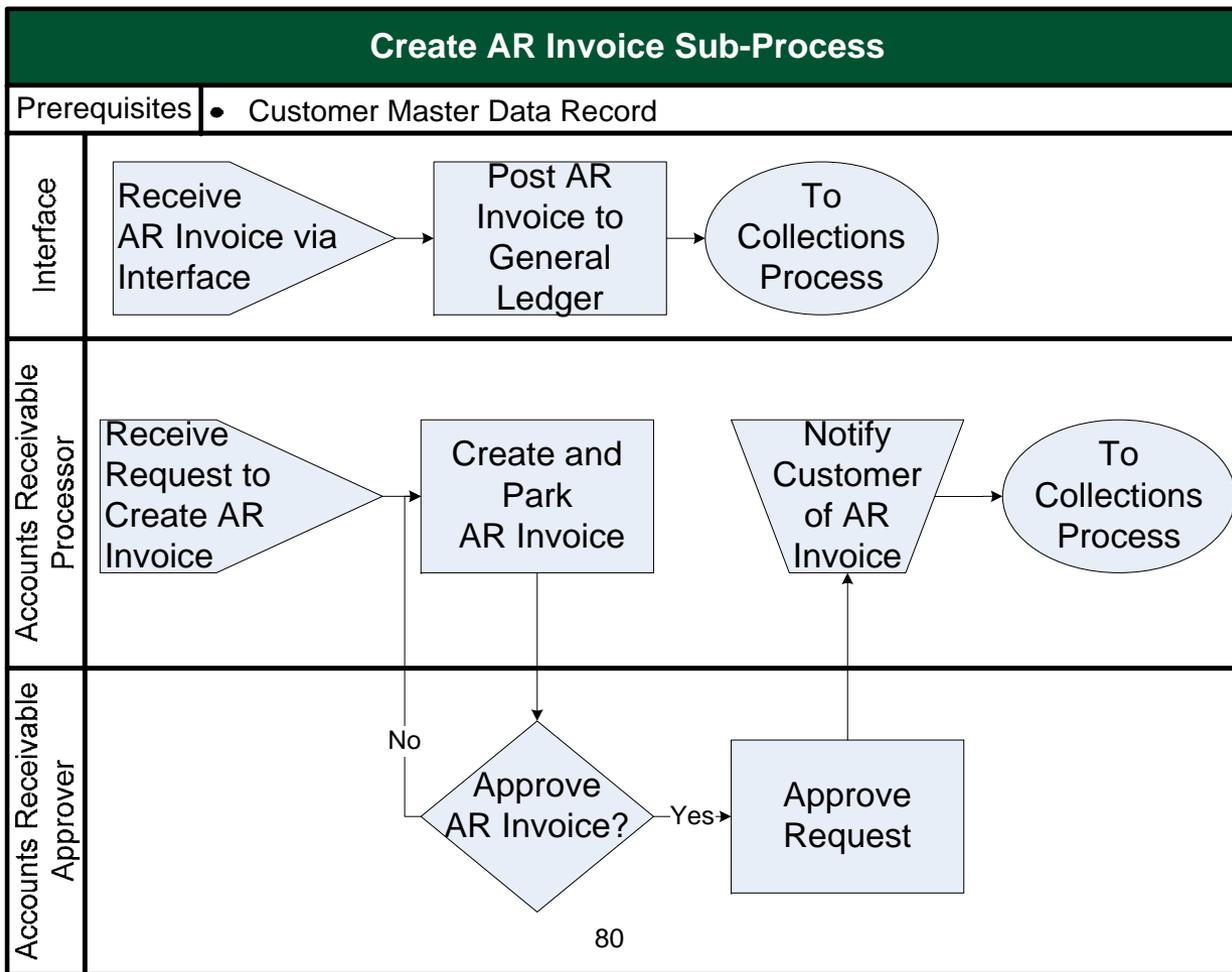




# Business Process Flow



This process flow outlines the key activities related to Accounts Receivable (AR) Invoice sub-process:





# Key Business Concepts



The following business concepts pertain to the Accounts Receivable (AR) Invoice sub-process:

- An AR invoice documents the direct exchange of goods or services provided by a USDA agency to a customer and is classified as a direct receivable
- AR invoices received from an interface with an external system are automatically posted to the General Ledger
- AR invoices manually entered in the FMMI General Ledger by the Accounts Receivable Processor must be approved by the Accounts Receivable Approver to post to the General Ledger
- Create and maintain an AR invoice in the AR Process sub-process area of Accounts Receivable business area in the FMMI Portal
- An AR invoice reversal document reverses an AR Invoice posted in error in FMMI



# FMMI User Roles



The FMMI AR Invoice sub-process includes the following roles:

Role Name	Definition
Accounts Receivable Processor <i>- Department Level and Agency Level role</i>	<ul style="list-style-type: none"> <li>■ Create, Change, Display AR invoice</li> </ul>
Accounts Receivable Approver <i>- Department and Agency level role</i>	<ul style="list-style-type: none"> <li>■ Approve new AR invoice</li> <li>■ Approve changes to an existing AR invoice</li> </ul>
Accounts Receivable Evaluator <i>- Department and agency level role</i>	<ul style="list-style-type: none"> <li>■ Display AR invoice</li> <li>■ Display AR reversal document</li> </ul>



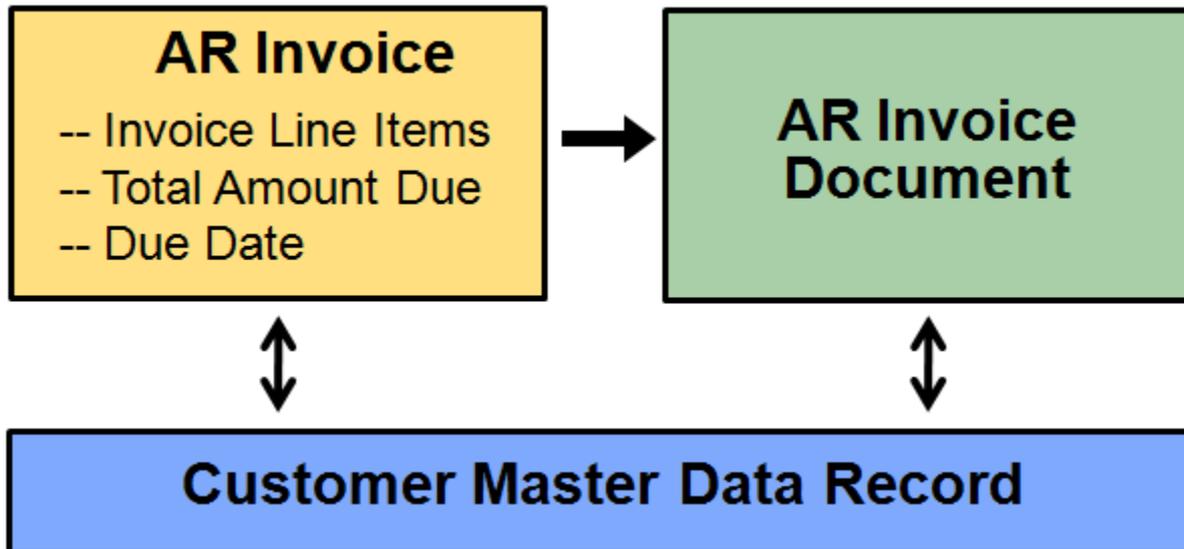


# Create an AR Invoice



FMMI can automatically post an AR invoice to the General Ledger via an interface or the Accounts Receivable Processor can manually create one

- An AR Invoice links to a single customer master data record and contains the invoice line item(s), total amount due, and due date
- The AR invoice generates the AR invoice document which serves as the receipt for the transaction





# Change or Reverse AR Invoice



Change an AR invoice to correct any errors before posting to the General Ledger or reverse an AR invoice after posting

- Only the header text of a posted AR invoice can be changed or updated
- Dates, amounts, and account assignments cannot be changed
- After updating an AR invoice, a new customer bill should be printed based on the revised AR invoice
- To reverse an AR invoice, post a clearing entry to the General Ledger with an AR invoice reversal document



# Touchpoints



The following table outlines the key touchpoints between the AR Invoice sub-process and other business areas within FMMI

Process	Touchpoint
Accounts Receivable – Collections, Credit Memos, and Debt Management and Referrals	<ul style="list-style-type: none"> <li>■ After collecting payment for the AR invoice the Accounts Receivable Processor will post the payment and clear the receivable in the General Ledger</li> <li>■ If too much money is collected, the Accounts Receivable Processor and Accounts Receivable Approver can also create a credit memo to refund the amount</li> <li>■ When customer debt becomes past due, the Debt Management Processor performs actions to encourage repayment. In cases of uncollectible debt, the Debt Write-Off processor writes of the debt</li> </ul>



# Touchpoints Continued



<b>Process</b>	<b>Touchpoint</b>
General Ledger	<ul style="list-style-type: none"><li>■ The General Ledger (GL) Processor, GL Approver, and GL Management Approver are responsible for the process of posting AR invoice documents to the GL.</li></ul>
Periodic Processing	<ul style="list-style-type: none"><li>■ The Period End Processor reconciles any receivables at the month, quarterly, and year end</li></ul>



# Learning Checkpoint Question and Answer (Q&A)



- Now is your opportunity to see if you are learning the course material
- If you answer the questions incorrectly, please be sure to reference the course if you need more explanation about key concepts





# Learning Checkpoint Question and Answer (Q&A)



- 1. True/False:** The Accounts Receivable Evaluator can update an AR invoice. (False)
- 2. True/False:** An AR invoice differs from a sales order because it represents a one time exchange of goods or services and not pre-arranged agreement for exchange across a period of time. (True)
- 3. True/False:** An AR invoice links to a single customer master data record and contains the invoice line item(s), total amount due, and due date. (True)



# Learning Checkpoint Question and Answer (Q&A)



4. **Multiple Choice:** An AR invoice is linked to a single customer master data record and contains all of the following except:
- a. Due Date
  - b. *Preferred Payment Method*
  - c. Total Amount Due
  - d. Invoice Line Items
5. **Multiple Choice:** After the Accounts Receivable Processor creates the AR invoice reversal document, a clearing entry is automatically posted to the:
- a. Balance Sheet
  - b. *General Ledger*
  - c. Income Statement
  - d. None of the Above



# Module Summary



In this module, you learned to:

- Explain the process flow of Accounts Receivable (AR) invoice business activities
- Explain key AR invoice terminology and business concepts
- Describe the FMMI roles associated with the AR Invoice sub-process
- Explain the interactions between the AR Invoice sub-process and other business areas within FMMI





# Module Completion



Congratulations! You have completed Module 4 – Accounts Receivable (AR) Invoice sub-process. The next module provides you an overview of the Collections sub-process





# Course Outline



- Introduction Module
- Module 1 – Accounts Receivable Process Overview
- Module 2 – Customer Master Data Sub-Process
- Module 3 – Sales Order and Billing Sub-Process
- Module 4 – Accounts Receivable (AR) Invoice Sub-Process
- **Module 5 – Collections Sub-Process**
- Module 6 – Credit Memo Sub-Process
- Module 7 – Debt Management and Referral Sub-Process
- Course Summary
- Course Evaluation



# Welcome to Module 5: Collections Sub-Process



- This module will provide you an overview of the Collections sub-process
- Proceed to each new page by clicking the **Next** button when you have finished reading the content on a page
- To view a full list of the topics covered in this module, click the Menu button on the top right corner of the course
- When you are finished with the Module, click **Exit** to mark the module complete and return to AgLearn





# Objectives



After completing this module, you will be able to:

- Explain the process flow of Collections business activities
- Explain key Collections terminology and business concepts
- Describe the FMMI roles associated with the Collections sub-process
- Describe the Collection methods available in FMMI
- Explain the interactions between the Collections sub-process and other business areas within FMMI





# Key Terminology



Review the following terms and definitions before beginning the Collections module:

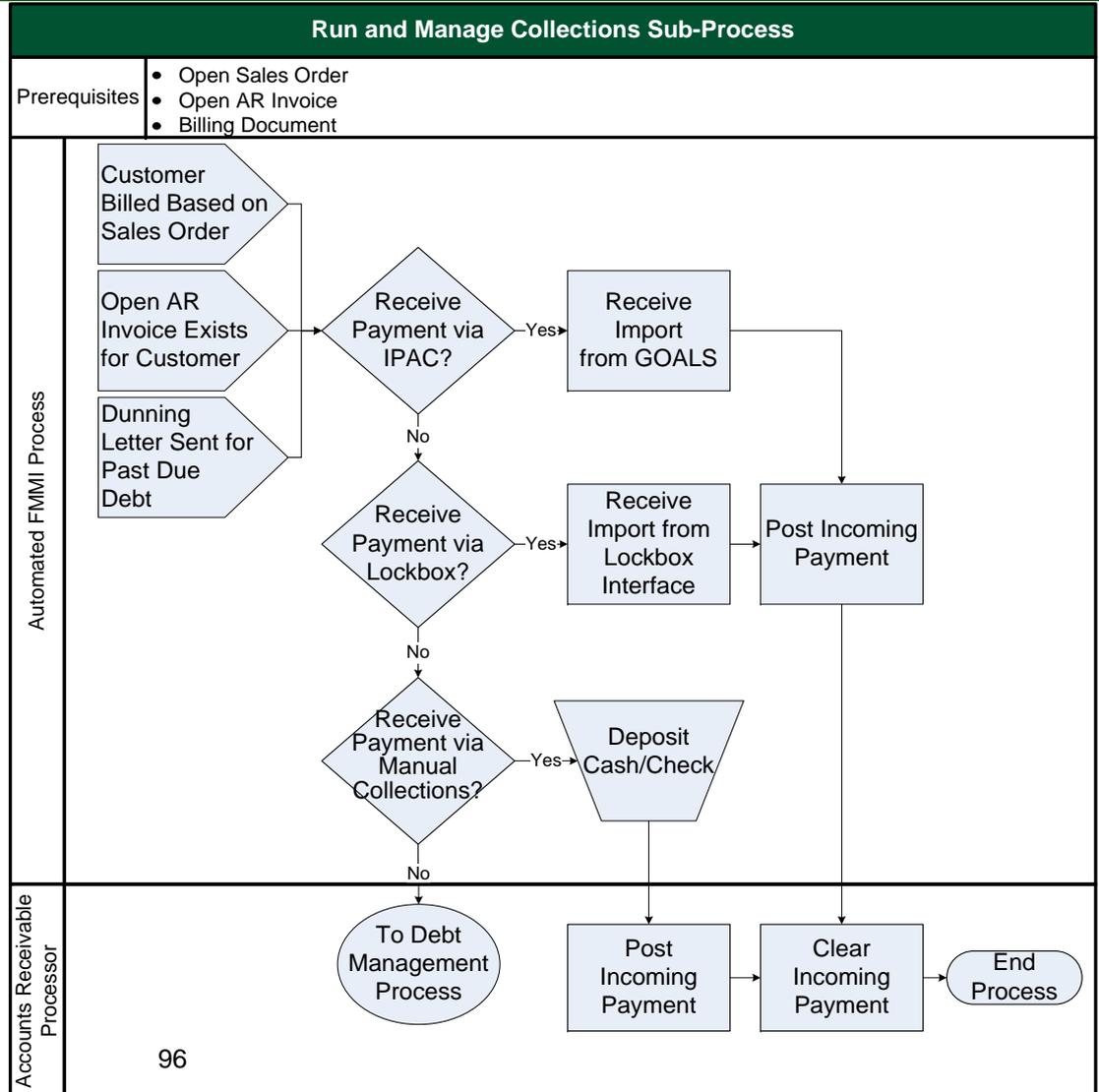
- **Collections** = The process of collecting a payment from a customer and clearing the receivable in FMMI
- **Clearing** = The process of balancing a receivable with a payment in the General Ledger. Clearing can occur automatically or manually
- **Lockbox** = A intermediate method for collections deposited at a bank before the money is transferred to the USDA account
- **Manual Collections** = Payments provided directly to USDA in the form of a check or cash. These payments are mailed to the lockbox for deposit at the bank
- **Intra-Governmental Payment and Collection System (IPAC)** = A payment method allowing the transfer of funds between government agencies



# Business Process Flow



This process flow outlines the key Collections sub-process activities:



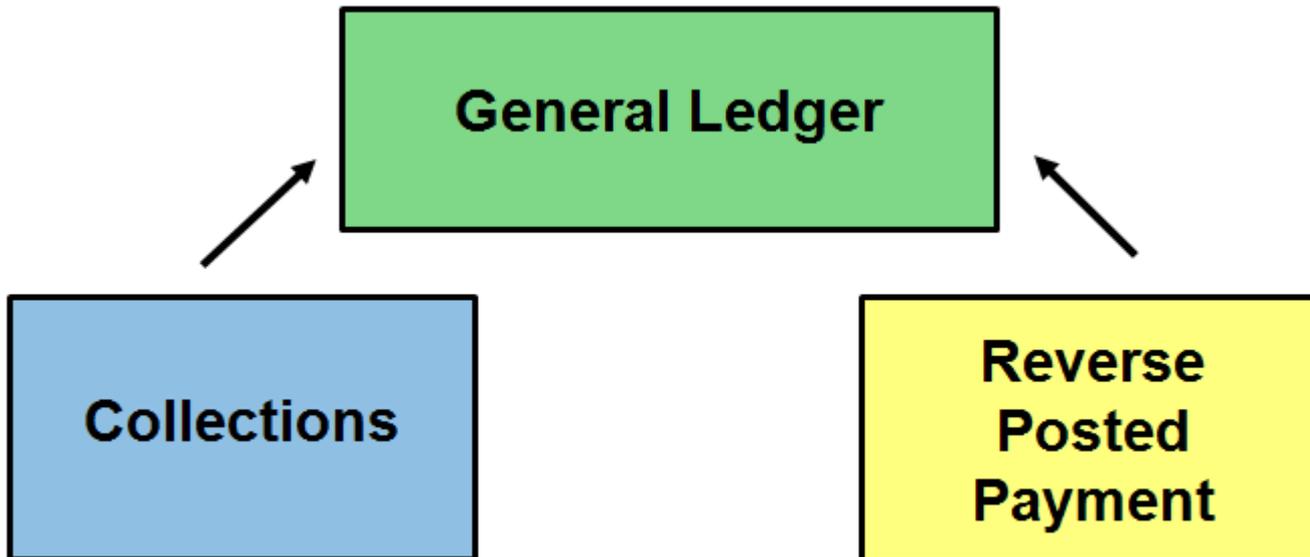


# Key Business Concepts



The following business concepts pertain to the Collections sub-process:

- Customers pay USDA for outstanding receivables through the Collections process
- After a payment is collected, it is posted to the appropriate general ledger (GL) account and the receivable is cleared
- In the event an incorrect amount is posted to the General Ledger, correct the error by reversing the posted payment





# FMMI User Roles



The FMMI Collections sub-process includes the following roles:

Role Name	Definition
Accounts Receivable Processor <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ Post Incoming payment</li> <li>■ Reverse Posted Payment</li> <li>■ Clear Accounts Receivable Item</li> </ul>
Accounts Receivable Evaluator <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ View Account Balance for AR Item</li> </ul>
Accounts Receivable Reporter <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ View Accounts Receivable Report</li> </ul>





# Initiate Collection



Releasing a sales order or AR invoice for billing initiates the Collections process

- The Collections process begins when a customer provides payment to USDA for an outstanding receivable
- USDA collects payment from customers in FMMI through:
  - Inter-governmental Payment and Collection System (IPAC)
  - Lockbox
  - Manual receipt of cash or checks
- The Accounts Receivable Processor posts incoming payments and clears the corresponding receivables
- FMMI generates a collections document for receipt of payment showing the date and amount of money received by the USDA from a customer



# Lockbox and Manual Collections



The FMMI lockbox is an intermediate method for collecting payments

- The lockbox is maintained by the bank and directly interfaces with FMMI
- A nightly batch process transfers payments collected in the lockbox to USDA
- Cash or checks provided directly to USDA (manual collections) are sent to the lockbox for processing at the bank





# IPAC Collections



The Inter-Governmental Payment and Collection System (IPAC) transfers money between government agencies to pay outstanding receivables

- IPAC is maintained by the US Treasury and directly interfaces with FMMI
- A unique agency location code (ALC) identifies each Agency within the IPAC system
- In FMMI, the ALC is a required element of the customer master data record for Federal customers
- FMMI accepts IPAC payments through the GOALS import process



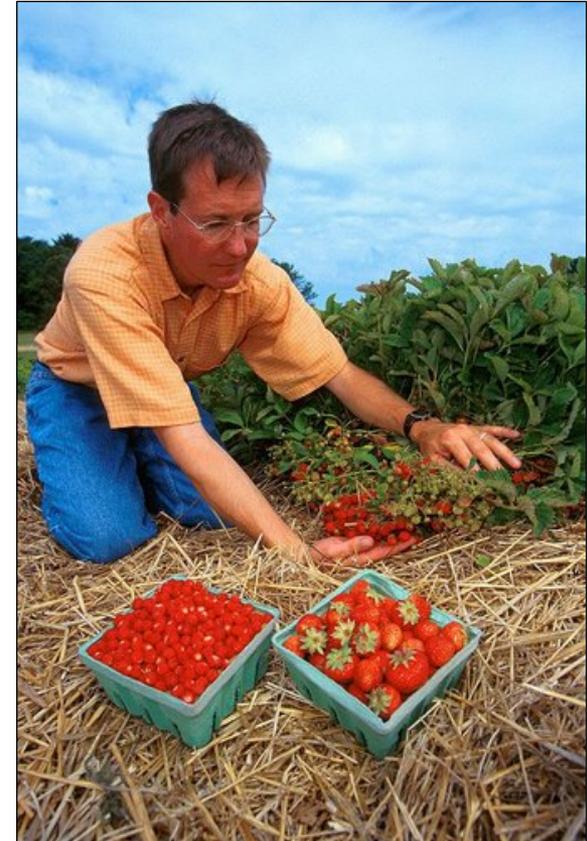


# Post Incoming Payments and Clear Balances



Post incoming payments to the General Ledger and clear the accounts receivable items to settle customer debts

- Incoming payments are typically posted to the General Ledger through a batch process
- The Accounts Receivable Processor can manually post payments to the General Ledger
- Clearing occurs automatically for payment received through IPAC or the Lockbox
- Perform the clearing function manually for checks or cash collected manually





# Touchpoints



The following table outlines the key touchpoints between the Collections sub-process and other business areas within FMMI

Process	Touchpoint
Accounts Receivable – Billing, AR Invoice, Debt Management and Referrals	<ul style="list-style-type: none"> <li>■ The Billing Processor runs the billing process to generate the billing documents which notify the customer to provide payment</li> <li>■ If too much money is collected, the Accounts Receivable Processor and Accounts Receivable Approver can also create a credit memo to refund the amount</li> <li>■ When customer debt becomes past due, the Debt Management Processor performs actions to encourage repayment. In cases of uncollectible debt, the Debt Write-Off processor writes of the debt.</li> </ul>



# Touchpoints Continued



<b>Process</b>	<b>Touchpoint</b>
General Ledger	<ul style="list-style-type: none"><li>■ The General Ledger (GL) Processor, GL Approver, and GL Management Approver are responsible for the process of posting payments in the GL</li></ul>
Periodic Processing	<ul style="list-style-type: none"><li>■ The Period End Processor reconciles any documents at the month, quarterly, and year end</li></ul>



# Learning Checkpoint Question and Answer (Q&A)



- Now is your opportunity to see if you are learning the course material
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# Learning Checkpoint Question and Answer (Q&A)



1. **True/False:** In the event an incorrect amount is posted to the General Ledger, correct the error by reversing the posted payment. (True)
2. **True/False:** The Sales Order Processor posts incoming payments and clears the corresponding receivables. (False)
3. **True/False:** FMMI utilizes a single Lockbox to collect payments collected through the bank. (True)
4. **Multiple Choice:** The three available collection methods in FMMI are:
  - a. *Lockbox*
  - b. *IPAC*
  - c. VISA
  - d. *Manual Check*



# Learning Checkpoint Question and Answer (Q&A)



5. **Multiple Choice:** Select the required element of the customer master data record for Federal customers using the IPAC system:
- a. AFC
  - b. ILC
  - c. **ALC**
  - d. AAA



# Module Summary



In this module, you learned to:

- Explain the process flow of Collections business activities
- Explain key Collections terminology and business concepts
- Describe the FMMI roles associated with the Collections sub-process
- Describe the Collection methods available in FMMI
- Explain the interactions between the Collections sub-process and other business areas within FMMI





# Module Completion



Congratulations! You have completed Module 5 – Collections Sub-Process. The next module provides you an overview of the Credit Memo sub-process





# Course Outline



- Introduction Module
- Module 1 – Accounts Receivable Process Overview
- Module 2 – Customer Master Data Sub-Process
- Module 3 – Sales Order and Billing Sub-Process
- Module 4 – Accounts Receivable (AR) Invoice Sub-Process
- Module 5 – Collections Sub-Process
- **Module 6 – Credit Memo Process Sub-Process**
- Module 7 – Debt Management and Referral Process Sub-Process
- Course Summary
- Course Evaluation



# Welcome to Module 6: Credit Memo Process Sub- Process



- This module will provide you an overview of the Credit Memo sub-process
- Proceed to each new page by clicking the **Next** button when you have finished reading the content on a page
- To view a full list of the topics covered in this module, click the Menu button on the top right corner of the course
- When you are finished with the Module, click **Exit** to mark the module complete and return to AgLearn





# Objectives



After completing this module, you will be able to:

- Explain the process flow of Credit Memo business activities
- Explain key Credit Memo terminology and business concepts
- Describe the FMMI roles associated with the Credit Memo sub-process
- Explain the interactions between the Credit Memo sub-process and other business areas within FMMI





# Key Terminology



Review the following terms and definitions before beginning the Credit Memo module:

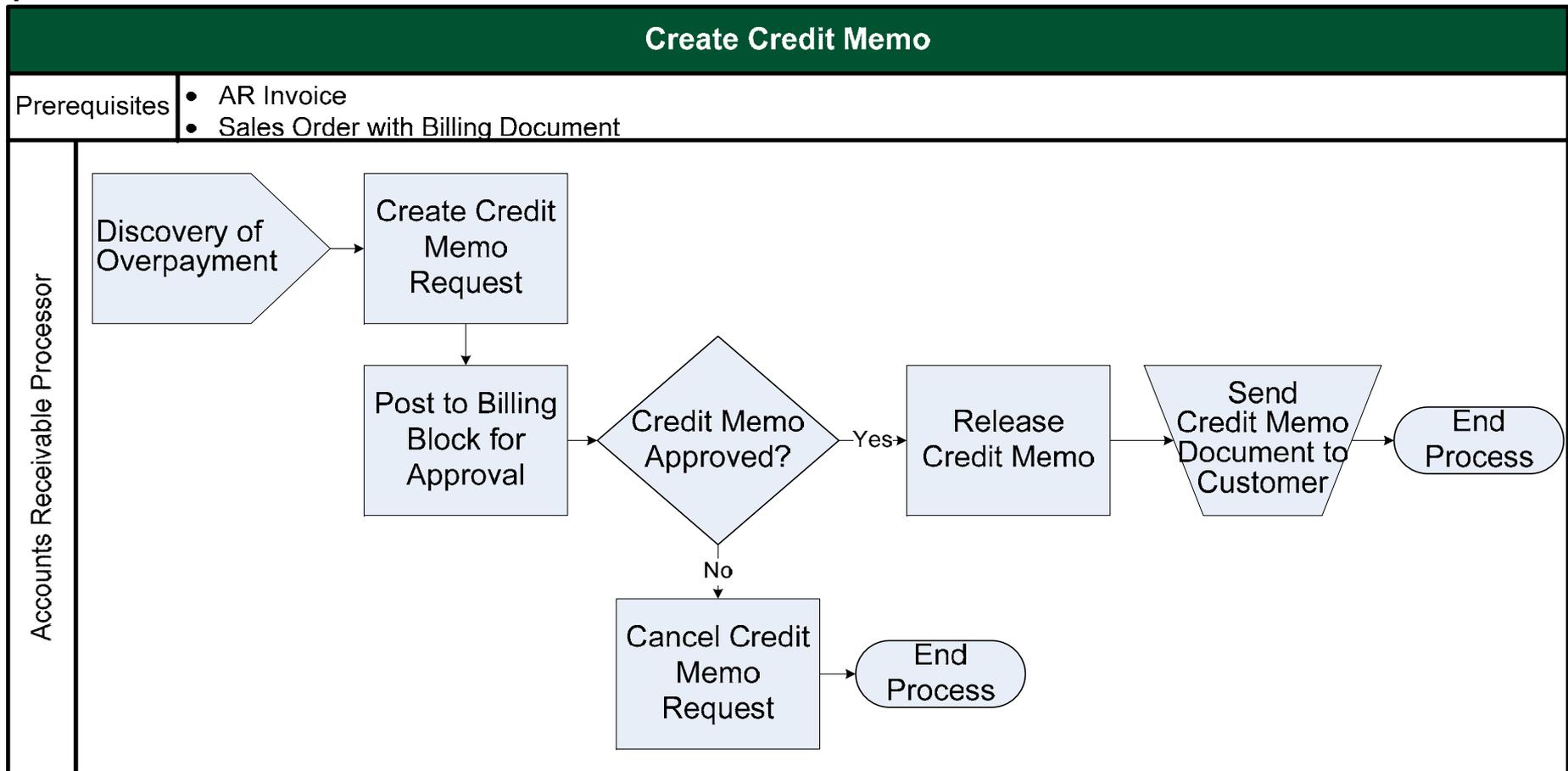
- **Credit Memo for AR Invoice** = A receivable adjustment posting that reduces the balance of an AR Invoice
- **Credit Memo Sales Order** = A receivable adjustment posting that reduces the balance of a Sales Order
- **Credit Memo Request** = A sales document used in FMMI to request a credit memo for a customer
- **Credit Memo Reversal** = The process used to cancel a credit memo posted to the General Ledger. This can only occur if funds have not yet been transferred to the customer



# Business Process Flow



This process flow outlines the key activities related to Credit Memo sub-process:



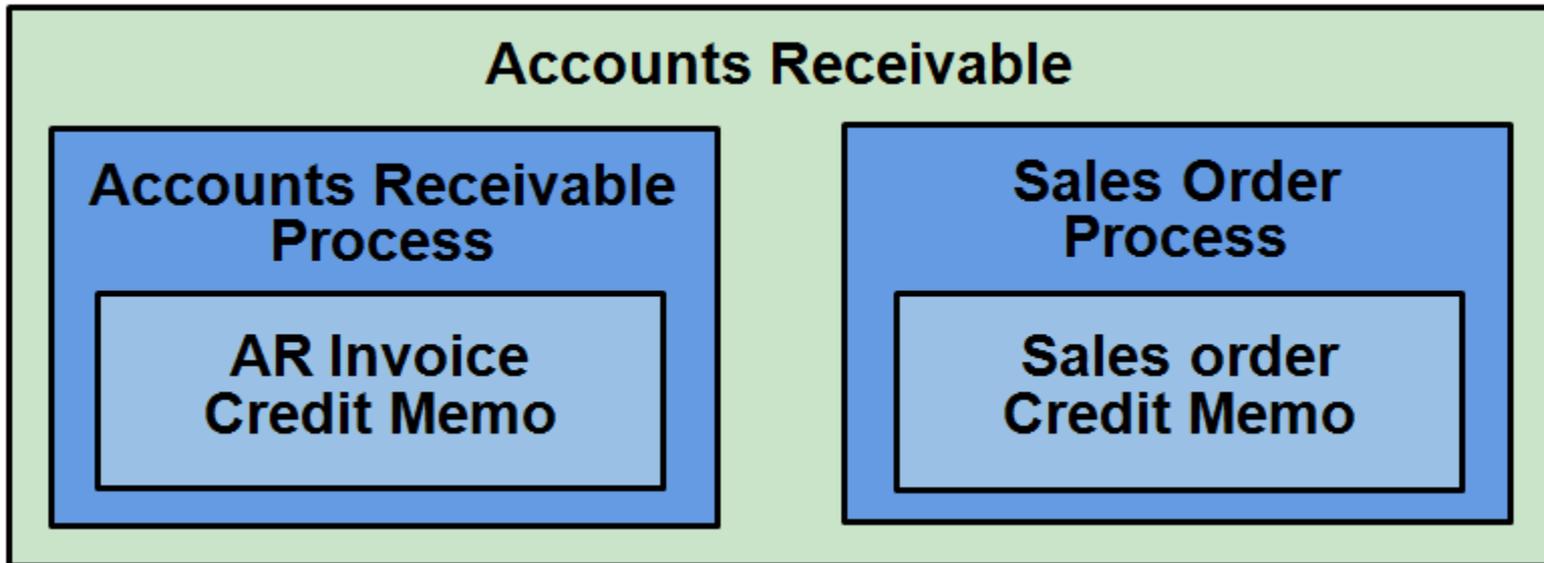


# Key Business Concepts



The following business concepts pertain to the Credit Memo sub-process:

- Issue a credit memo when the amount collected is greater than the actual costs of goods or services provided to a customer
- Issue a credit memo when a return of goods is required
- Find the activities required for creating a credit memo for a sales order or an AR invoice in the AR Process area





# FMMI User Roles



The FMMI Credit Memo sub-process includes the following roles:

Role Name	Definition
Accounts Receivable Processor <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ Create, Display, Change, Cancel a Credit Memo for an AR Invoice or Sales Order</li> </ul>
Accounts Receivable Approver <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ Approve and Post Credit Memo</li> <li>■ Approve and Post Credit Memo Change</li> </ul>
Accounts Receivable Evaluator <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ Display Credit Memo transaction</li> </ul>





# FMMI User Roles Continued



Role Name	Definition
Accounts Receivable Reporter <i>- Agency and Department level role</i>	■ View Accounts Receivable Reports





# Create a Credit Memo



Create a credit memo when the amount collected from a customer exceeds the actual amount due because the price calculated for the customer was too high, the wrong price was entered, or a discount was forgotten

- To reduce the amount of a receivable, create a credit memo request in FMMI
- The credit memo request can reference the original billing document or a separate credit memo request
- FMMI automatically creates the credit memo from the credit memo request, places a block on the credit memo and notifies the Credit Memo Approver of the pending document
- The Credit Memo Approver approves or denies the Credit Memo and removes the block to release it and credit the amount back to the customer
- Use the Create Credit Memo – Sales Order activity to create a credit memo for a bill related to a sales order
- Use the Create Credit Memo – AR Invoice activity to create a credit memo for an AR invoice

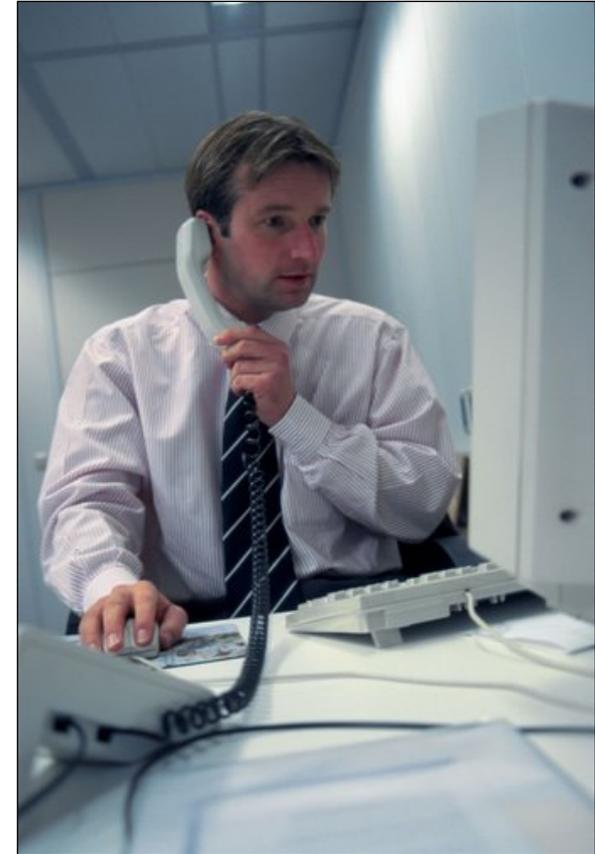


# Change or Cancel a Credit Memo



Cancel or change a credit memo when the amount is not correct or if the credit memo is not valid

- The Accounts Receivable Processor can change a credit memo only if the credit memo is not yet billed
- To cancel a credit memo, the Accounts Receivable Processor can create a credit memo reversal





# Touchpoints



The following table outlines the key touchpoints between the Credit Memo sub-process and other business areas within FMMI

Process	Touchpoint
Accounts Receivable - Sales Orders and Billing, AR Invoice, Collections	<ul style="list-style-type: none"> <li>■ The Sales Order Processor and Billing Processor create the agreement and billing the customer for the amount due. The AR Processor creates the AR Invoice for a direct receivable. The customer could be charged too much during this process, could provide more money than the bill requested, or the goods or services could be defective.</li> <li>■ When customer debt becomes past due, the Debt Management Processor performs actions to encourage repayment. In cases of uncollectible debt, the Debt Write-Off processor writes of the debt</li> </ul>



# Touchpoints Continued



Process	Touchpoint
General Ledger	<ul style="list-style-type: none"><li>■ The General Ledger (GL) Processor, GL Approver, and GL Management Approver are responsible for the process of posting sales order and billing documents to the GL</li></ul>
Periodic Processing	<ul style="list-style-type: none"><li>■ The Period End Processor reconciles any receivables at the month and year end.</li></ul>



# Learning Checkpoint Question and Answer (Q&A)



- Now is your opportunity to see if you are learning the course material
- If you answer the questions incorrectly, please be sure to reference the course if you need more explanation about key concepts





# Learning Checkpoint Question and Answer (Q&A)



1. **True/False:** The same type of Credit Memo is created for both Sales Orders and AR Invoices . (False)
2. **True/False:** A credit memo reversal document cancels a credit memo posted to the General Ledger. (True)
3. **True/False:** The Accounts Receivable Processor can change a credit memo only if the credit memo is not yet billed. (True)
4. Multiple Choice: Before issuing a Credit Memo, the following must be created in FMMI:
  - a. Refund Request
  - b. Credit Memo Document
  - c. **Credit Memo Request**
  - d. Credit Memo Receipt



# Learning Checkpoint Question and Answer (Q&A)



5. **Multiple Choice:** Create a credit memo when the amount collected from a customer exceeds the actual amount due because:
- a. The price calculated for the customer was too high
  - b. The wrong price was entered
  - c. A discount was forgotten
  - d. ***All of the Above***



# Module Summary



In this module, you learned to:

- Explain the process flow of Credit Memo business activities
- Explain key Credit Memo terminology and business concepts
- Describe the FMMI roles associated with the Credit Memo sub-process
- Explain the interactions between the Credit Memo sub-process and other business areas within FMMI





# Module Completion



Congratulations! You have completed Module 6 – Credit Memo Sub-process. The next module provides you an overview of the Debt Management and Referral sub-process





# Course Outline



- Introduction Module
- Module 1 – Accounts Receivable Process Overview
- Module 2 – Customer Master Data Sub-Process
- Module 3 – Sales Order and Billing Sub-Process
- Module 4 – Accounts Receivable (AR) Invoice Sub-Process
- Module 5 – Collections Sub-Process
- Module 6 – Credit Memo Sub-Process
- **Module 7 – Debt Management and Referral Sub-Process**
- Course Summary
- Course Evaluation



# Welcome to Module 7: Debt Management and Referral Sub-Process



- This module will provide you an overview of the Debt Manage and Referral sub-process
- Proceed to each new page by clicking the **Next** button when you have finished reading the content on a page
- To view a full list of the topics covered in this module, click the Menu button on the top right corner of the course
- When you are finished with the Module, click **Exit** to mark the module complete and return to AgLearn





# Objectives



After completing this module, you will be able to:

- Explain the business process flow of Debt Management and Referral business activities
- Explain key Debt Management and Referral terminology and business concepts
- Describe the FMMI roles associated to the Debt Management and Referral sub-process
- Explain specific Debt Management activities
  - Send Debt Notification Letter and apply penalties
  - Refer Debt
  - Write-Off Debt
  - Create an Installment Plan
- Explain the interactions between the Debt Management and Referral sub-process and other business areas within FMMI





# Key Terminology



Review the following terms and definitions before beginning the Debt Management module:

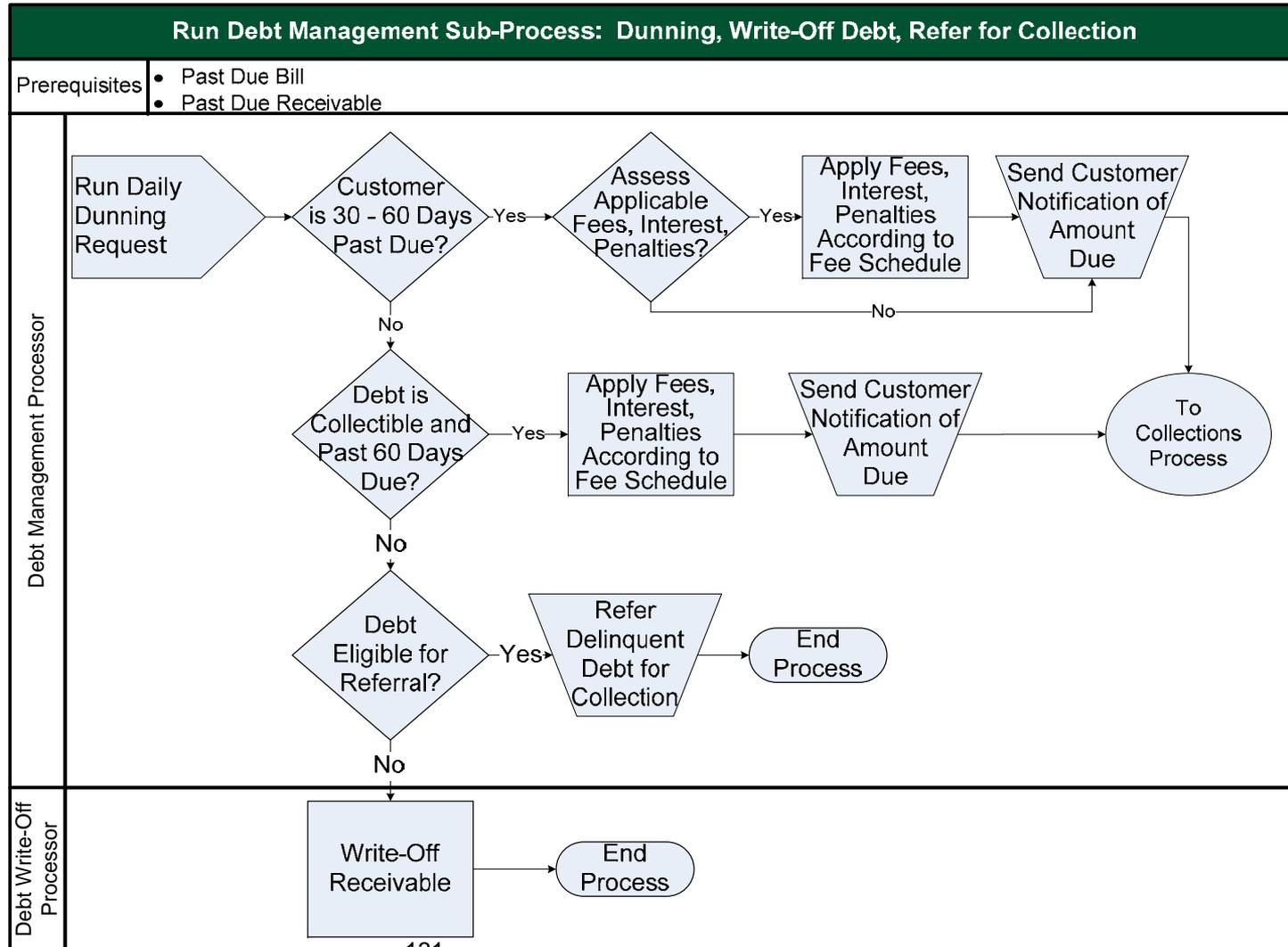
- **Administrative Charge** = An fee assessed at pre-defined intervals
- **Dunning** = The process of notifying customers of outstanding debts and systematically applying penalties to encourage payment
- **Fee Schedule** = A pre-defined schedule for assessing interest, fees, and penalties to overdue debt.
- **Interest** = A percent of the debt due charged for certain delinquent debts
- **Write-Off** = Removal of delinquent debt that cannot be collected from the asset account in the General Ledger



# Business Process Flow



This process flow shows the detailed activities related to the Debt Management and Referral sub-process:

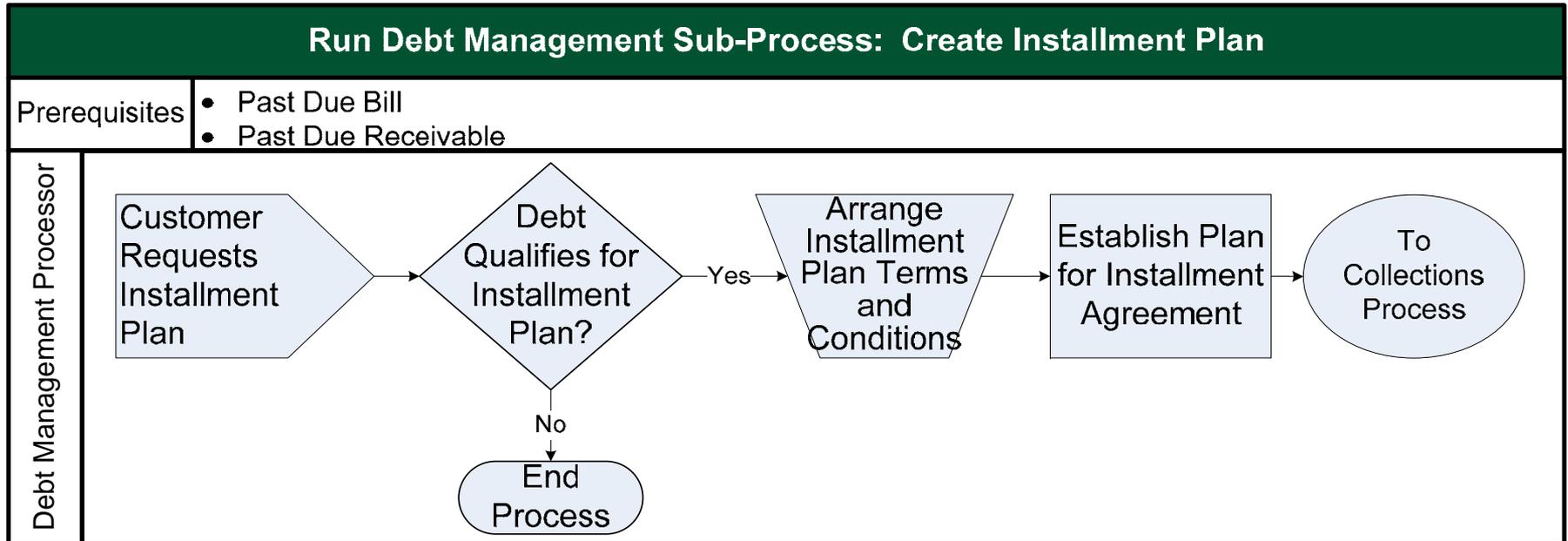




# Business Process Flow



This process flow shows the detailed activities related to the Debt Management Installment Plan sub-process:



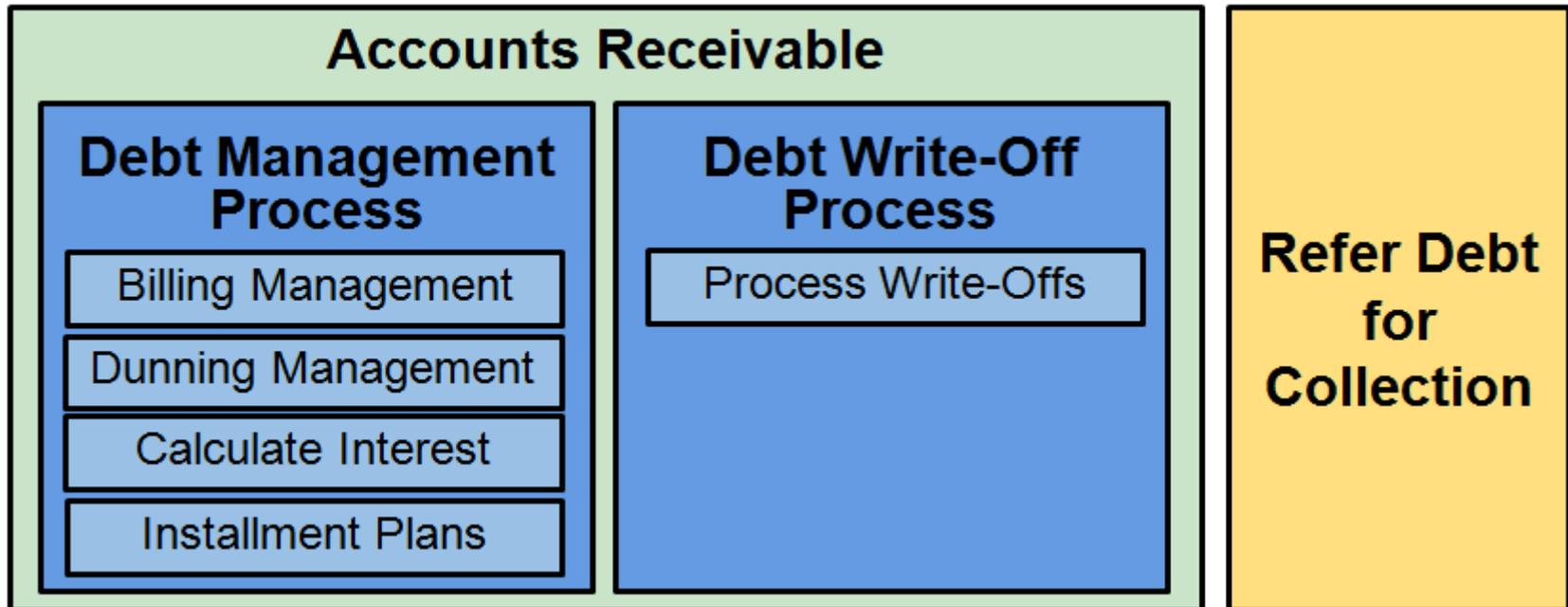


# Key Business Concepts



The following business concepts pertain to the Debt Management and Referral sub-process.

- The Debt Management and Referral processes encourage collection of outstanding bills and accounts receivable (AR) invoices
- For customers with qualifying debt, creation of an installment plan allows repayment overtime in scheduled increments





# FMMI User Roles



The FMMI Debt Management sub-process includes the following roles:

Role Name	Definition
Debt Management Processor <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ Run Billing Due List</li> <li>■ Manage the Dunning Process</li> <li>■ Calculate Interest</li> </ul>
Debt Write-Off Processor <i>- Agency and Department level role</i>	<ul style="list-style-type: none"> <li>■ Write-Off Bad Debt</li> </ul>
Accounts Receivable Evaluator <i>- Agency and Department Level role</i>	<ul style="list-style-type: none"> <li>■ View Account Balance for AR Items</li> </ul>





# FMMI User Roles Continued



Role Name	Definition
Accounts Receivable Reporter <i>- Agency and Department level role</i>	<ul style="list-style-type: none"><li data-bbox="703 446 1340 554">■ View Accounts Receivable reports</li></ul>



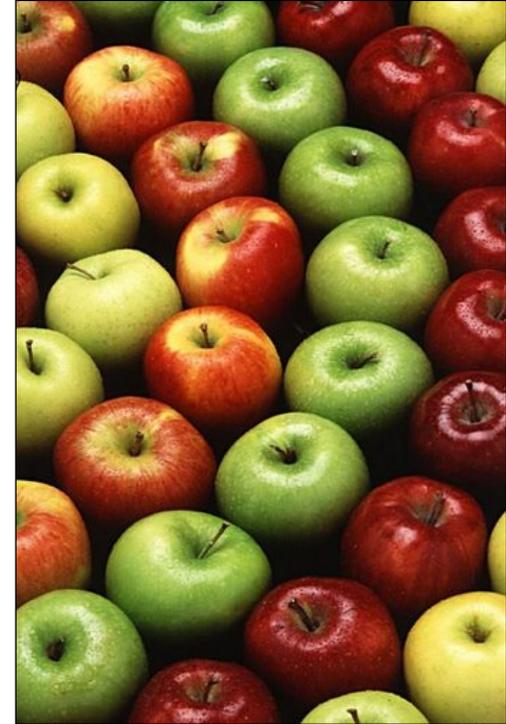


# Fee Schedule



The fee schedule directs application of the debt management process in FMMI

- Define the fee schedule for each customer in the customer master data record
- Select an alternate fee schedule for a specific sales order through the Create Sales Order or Change Sales Order activities
- The fee schedule includes the time frames and calculation of fees, interest, and penalties assessed





# Dunning and Debt Notification



- Run the dunning process in FMMI to produce debt notification letters to customers with outstanding receivables
- Run the daily dunning request to retrieve the list of past due commercial customer bills and receivables
  - FMMI produces dunning notices to customers at predefined intervals based on the requirements of the customer's fee schedule
  - The dunning notification letter informs the customer of any fees, interest, or penalties assessed against the past due debt as part of the Debt Management sub-process



## Refer for Collection



After more than 60 days and unsuccessful attempts to collect delinquent debt, USDA may refer the debt to the US Treasury for collection

- After the Dunning process is complete and the customer remains delinquent, USDA provides the customer with a notice of intent to offset and an opportunity to review the basis for the debt
- The US Treasury handles referred debt through the Treasury Offset Program (TOP)

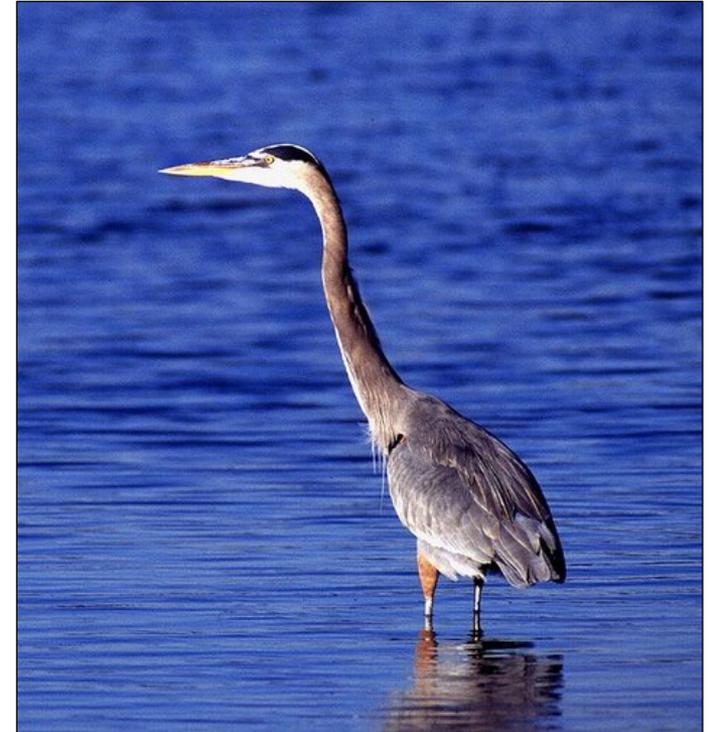


## Write-Off Debt



Debt that cannot be collected or referred for collection is removed when the Debt Write-Off Processor writes off the debt from the General Ledger

- The Debt Write-Off Processor is responsible for running the Aging Debt report to identify debt eligible for write-off
- After the write-off process is complete, the Debt Management Processor is notified to change the debt status of the receivable for reporting





# Installment Plan



Customers who qualify can arrange an installment plan to repay outstanding debt to USDA over time.

- Only certain customers and certain receivables qualify for repayment via an installment plan
- Based on the amount owed, the Debt Management Processor sets the monthly dollar amount due
- Customers pay installments through the Collections sub-process





# Touchpoints



The following table outlines the key touchpoints between the Debt Management and Referral sub-process and other business areas within FMMI

Process	Touchpoint
Accounts Receivable – Collections, Credit Memos, and Debt Management and Referrals	<ul style="list-style-type: none"> <li>▪ The Billing Processor, and AR Invoice Process create open receivables in the General Ledger and notify the customer of payment due</li> </ul>
General Ledger	<ul style="list-style-type: none"> <li>▪ The General Ledger (GL) Processor, GL Approver, and GL Management Approver are responsible for the process of billing documents and AR Invoices to the GL</li> </ul>
Periodic Processing	<ul style="list-style-type: none"> <li>▪ The Period End Processor reconciles any open sales orders or bills at the month, quarterly, and year end.</li> </ul>



# Learning Checkpoint Question and Answer (Q&A)



- Now is your opportunity to see if you are learning the course material
- If you answer the questions incorrectly, please be sure to reference the course if you need more explanation about key concepts





# Learning Checkpoint Question and Answer (Q&A)



- 1. True/False:** In FMFI, the fee schedule calculates the intervals and amounts of fees, interest, and penalties assessed against a customer for past due debt. (True)
- 2. True/False:** For customers with qualifying debt, creation of an installment plan allows repayment overtime in scheduled increments. (True)
- 3. True/False:** Debt that cannot be collected or referred for collection is removed when the Debt Write-Off Processor writes off the debt from the General Ledger. (True)



# Learning Checkpoint Question and Answer (Q&A)



4. **Multiple Choice:** Debt that cannot be collected or referred for collection is written-off by the:
  - a. Debt Processor
  - b. Debt Management Processor
  - c. Debt Approver
  - d. ***Debt Write-Off Processor***
  
5. **Multiple Choice:** The dunning process produces which of the following?
  - a. Past Due Debt Reports
  - b. ***Past Due Debt Notification Letters***
  - c. Installment Plans
  - d. Fee Schedule



# Module Summary



In this module, you learned to:

- Explain the business process flow of Debt Management and Referral business activities
- Explain key Debt Management and Referral terminology and business concepts
- Describe the FMMI roles associated to the Debt Management and Referral sub-process
- Explain specific Debt Management activities
  - Send Debt Notification Letter and apply penalties
  - Refer Debt
  - Write-Off Debt
  - Create an Installment Plan
- Explain the interactions between the Debt Management and Referral sub-process and other business areas within FMMI





# Module Completion



Congratulations! You have completed Module 7 – Debt Management and Referral Sub-Process.





# Course Outline



- Introduction Module
- Module 1 – Accounts Receivable Process Overview
- Module 2 – Customer Master Data Sub-Process
- Module 3 – Sales Order and Billing Sub-Process
- Module 4 – Accounts Receivable (AR) Invoice Sub-Process
- Module 5 – Collections Sub-Process
- Module 6 – Credit Memo Sub-Process
- Module 7 – Debt Management and Referral Sub-Process
- **Course Summary**
- Course Evaluation



# Course Summary



After completing this course, you will be able to:

- Explain key Accounts Receivable terminology and business concepts
- Explain the high level Accounts Receivable process and sub-processes
  - Customer Master Data sub-process
  - Sales Order and Billing sub-processes
  - Accounts Receivable invoice sub-process
  - Collections sub-process
  - Credit Memo sub-process
  - Debt Management and referral sub-processes
- Explain the FMMI roles required to perform the Accounts Receivable process
- Explain how other business areas interact with the Accounts Receivable process
- Provide examples of the FMMI standard reports





# Course Completion



**Congratulations, you have completed :**  
***FMMI 206 – Accounts Receivable Overview***

To ensure that your FMMI training curriculum is updated and you receive credit for completing the course, please click the link below to complete the course completion form.

[Course Completion](#)





# Course Outline



- Introduction Module
- Module 1 – Accounts Receivable Process Overview
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- Module 6 – Credit Memo Sub-Process
- Module 7 – Debt Management and Referral Sub-Process
- Course Summary
- **Course Evaluation**



# Course Evaluation



- In our efforts to continuously improve FMMI Training, please complete the course evaluation
- The FMMI team uses the results of evaluations to determine the overall effectiveness of the training program and to identify improvements for future sessions
  - Your answers will remain confidential but you may also provide your name if desired
- The evaluation can be accessed at the following link:

[Course Survey](#)

