SAP Accounts Receivable Process

Overview:
As of early July, 2012, an Accounts Receivable process has been implemented at Duke. The Accounts Receivable module in SAP has been implemented to facilitate the billing of invoices to Sponsors by the Office of Sponsored Programs (OSP), as well as the billing and collections of invoices by Duke Clinical Research Institute (DCRI). In addition, a new department, Corporate Accounts Receivable (A/R), has been created to handle cash posting and collection activity for sponsored research at Duke.

Revenue is now posted on a Sponsored Project / WBS Element at the time that OSP creates the invoice to send to the Sponsor, as opposed to when the payment is actually received from the Sponsor. In addition, the revenue is posted on the Parent and Sub level of projects / WBS Elements (if applicable), instead of being posted at only at the Parent level. The Corporate A/R department is now in place to collect and post cash for Sponsor invoices, and to monitor the outstanding receivables. With this new department handling the collection process, OSP and departments don’t need to be as involved with the collection process.

In addition, SAP tools were developed to help departments monitor the billing of projects and view the revenue posting documents and outstanding receivables.

This new process will provide all areas involved in the management of post-award activities with full transparency around the billing and cash receiving processes, while also enhancing the efficiency of OSP, DCRI, and A/R in conducting these activities.

Highlights of the Business Process and Policy Changes:
- In the past, revenue was posted as a credit on a project when the payment for the invoice was received by OSP from the Sponsor, and was only posted at the Parent level of related Sponsored Projects. Now, revenue is posted as a credit on a project when the invoice is created by OSP, and is posted at the Parent and Sub levels of the related Sponsored Projects, as applicable.
- OSP handles the billing/invoicing to the Sponsor through the Accounts Receivable module in SAP, and the newly created Corporate A/R team is responsible for managing the collection of the cash for those invoices issued through SAP.
- DCRI will use the new Accounts Receivable module in SAP to handle all billing and collections activity for their entity.
A new report, **Sponsored Programs Accounts Receivable One Line Summary Report (Transaction Code ZF109AR)**, has been provided in SAP for those who support and manage post-award activity to identify when sponsors have been invoiced. Previously, departments had no easy way to determine if invoices had been billed to the Sponsor, so now the process is more transparent. This report is similar to the ZF109 Sponsored Projects One Line Summary with **two additional columns**: one column displays the parent code for all project codes to be included in the report and the other additional column displays the postings for Accounts Receivable (billed and uncollected invoices). In addition to the selection criteria offered on the ZF109 report, the ZF109AR report can be run by parent code, to include all sub codes.

When drilling down to the line item report detail, several new documents have been created to identify the posting of revenue to Projects/WBS Elements when OSP bills the Sponsor. Those Document types are outlined below:

- **Document Type YI** = cost reimbursement invoices, created in SAP, and billed to Sponsors (document numbers begin with 22).
- **Document Type DR** = manual invoices, created in SAP, and billed to Sponsors (document numbers begin with 18).
- **Document Type DG** = credit memos (document numbers begin with 16).
- **Document Type DZ** = payments received from Sponsors (document numbers begin with 14).

Two of these document types, **YI and DR**, will allow Grants Managers and others reviewing financial statements to identify the Accounts Receivable postings of revenue (posted at the time of billing) and to drill-down from reports and view these revenue posting documents.

For Document Types **YI and DR**, **images of the invoices sent to the sponsors are available for viewing in SAP**. Once in the documents from the drill-down of a report, the attached rendered invoice may be displayed, similar to Accounts Payable Documents (example YD, KN, and RN Document Types). Previously, departments had no easy way to determine if invoices had been billed to the Sponsor, so now the process is more transparent.

Another report the **A/R Aged Debt Report (Transaction Code ZFAR003)**, is also available in SAP to provide an aging schedule of outstanding receivables. This report displays the payments still outstanding at the Parent level projects / WBS Elements, since that is where the cash payment is posted.

Additionally, the **Customer Line Item Display (Transaction Code FBL5N)** allows departments to use their WBS Elements and display the status of all invoices – both billed invoices and payments posted.

Please refer to the steps in the next pages for information about how to use and interpret the new tools available in the Accounts Receivable process.