Welcome to the Cash Application Course

- Instructor
- Instructor

- Welcome and Introductions
- Logistics
- Ground Rules
- Course Objectives
- Course Content

	Chapter Description	Time
1	**Definitions and Process Overview**	45 minutes
2	**RDSO and Manual Check Processing**	60 minutes
3	**Bank of America Lockbox**	90 minutes
4	**Cash and Clearing Account Management**	90 minutes
5	**Cash Reporting**	60 minutes
6	**Summary**	15 minutes

By the end of this class, you will be able to:

- Execute the remote deposit service online (RDSO) process for miscellaneous receipts
- Perform manual check entries
- Process Bank of America lockbox functionality for cash receipts
- Manage open items
- Run cash reports

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By the end of this chapter you will be able to:

- Explain the relationship between organizations impacted by cash and banking transactions
- Identify the key changes and benefits that will occur with the implementation of LRP

Relationships Between Organizations Involved with Cash Accounting

Billing and Invoicing

Cash Receipts Unit

Job cost billing feeds Accounts Receivable
Transportation

Miscellaneous cash receipts
CRU

Accounts Receivable processing
General Accounting (AR)

Print invoices
General Accounting (AR)

Payment processing and cash application
CRU

Grant billing and invoicing
SFP Accounting
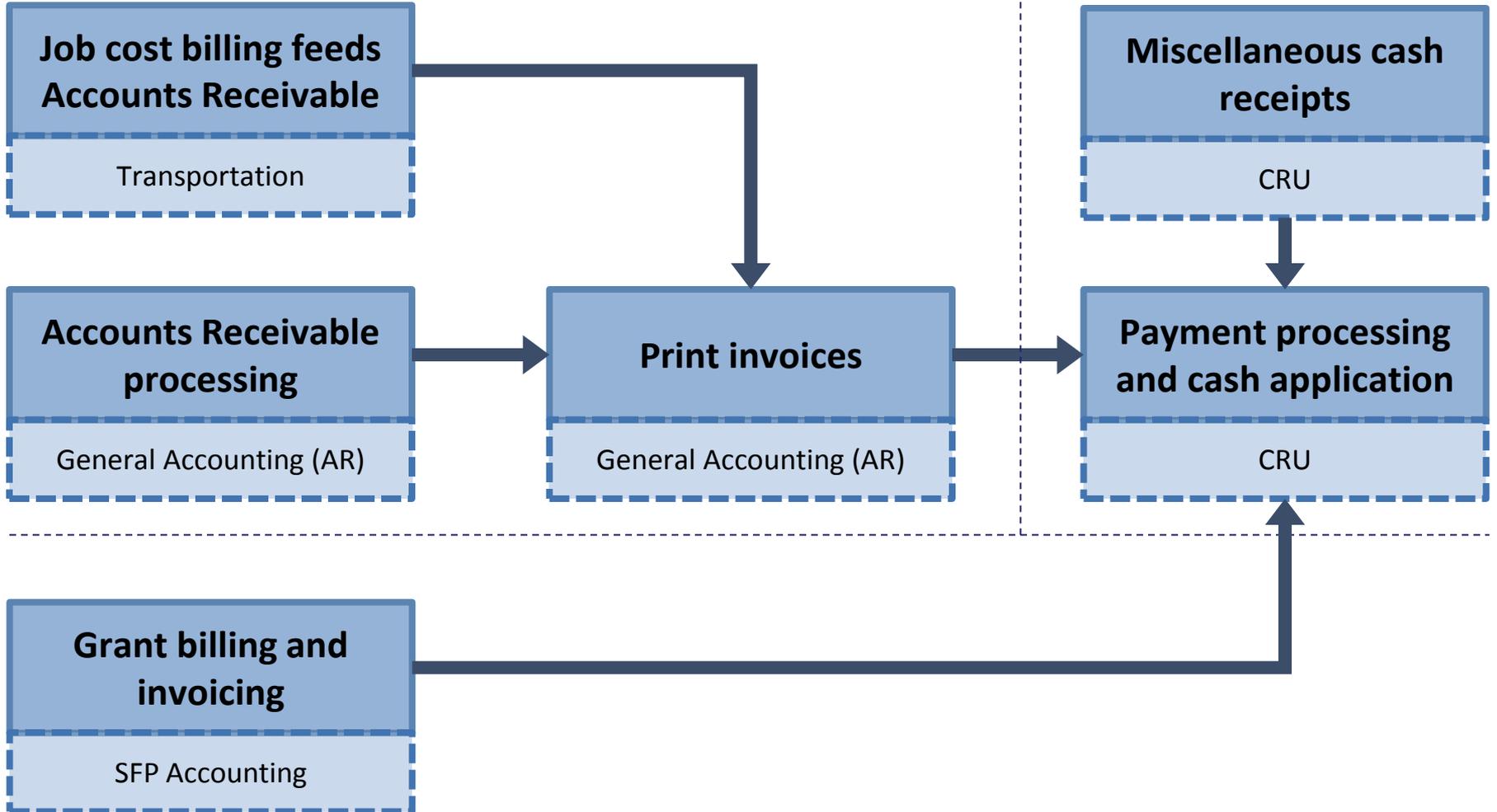
Relationships Between Organizations Involved with Cash Accounting

Department	Activities
General Accounting - AR	• Process invoices and credit memos • Print invoices • Print and issue dunning letters • Customer account maintenance • Reporting
Transportation	• Generates billing and invoices for job cost billing • All job cost external billing processing feeds AR
SFP Accounting	• Processes grant billing • Generates and prints grant invoices • BP maintenance
CRU	• Processes incoming payments both manually and through automated bank uploads (lockbox) • Process miscellaneous receipts • Cash and clearing account management • Cash reporting

- A Bank of America Lockbox platform will be used to process the AR-related cash receipt transactions in SAP

- Customers will be instructed to send payments to Bank of America instead of different departments at LAUSD

- A remote check scanning and deposit platform will be implemented to enable processing of physical checks submitted to the Cash Receipts Unit (CRU)

- The current manual check process will be available as a backup to the lockbox process

- SAP and BW will be used for cash reporting

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By the end of this chapter you will be able to:

- Describe the current process for cash receipts and pain points
- Explain the remote deposit services online (RDSO) process for miscellaneous receipts
- Process RDSO transactions
- Explain the accounting transactions generated by the RDSO process
- Perform manual check entries

A number of LAUSD organizations receive checks and forward them to the CRU for processing

- CRU manually records the checks in SAP using transaction FF68 and then deposits them at Bank of America

- Subsequently the deposits are also recorded in a LAUSD-specific table in SAP using transaction ZFI00001

- This process results in checks posting to a cash clearing account

Current pain points in the existing process include

- There is a substantial volume of work performed by the CRU with a limited staff including the responsibility to record and clear deposits in SAP

- At times the CRU must process hundreds of deposits for student records

- District currently does not use banking services

- Physical checks submitted to the CRU come with application instructions which makes it difficult to enforce cash coding and accounting rules

Cash receipts will be processed through the new Bank of America Lockbox platform

- The lockbox processes and transactions will be reviewed in the next module

- The remote deposit services online (RDSO) process using check scanners will be used to process physical checks submitted to the CRU

- The number of physical checks should decline as customers begin to use the lockbox

- A manual check entry process using FF68 will still be in place but should only be used as a backup if the RDSO scanners are not working or for physical cash receipts

Miscellaneous checks will be deposited with Bank of America using the RDSO platform called Cash Pro

1. CRU will use a Cash Pro check scanner to scan and remotely deposit checks with Bank of America

2. After depositing the checks you will execute a series of processes in Cash Pro and SAP to produce two Excel files: A cash deposit file and a revenue file

3. The cash deposit file can be loaded immediately to SAP

4. Edit the revenue file to include offsetting revenue accounts for miscellaneous items and delete customer line items (AR items must be processed manually – covered later in this chapter as part of manual checks)

5. Load the revenue file to SAP

6. *Note: For in the short-term after go-live the deposit file will need to be edited as well before loading*

Scan and remote deposit miscellaneous checks at BofA	Extract raw deposit data to an Excel file
CRU - Cash Pro	CRU - Cash Pro

Generate a deposit and clearing Excel files from deposit data file	Edit the revenue file – add revenue accounts and delete AR line items
CRU	CRU - Excel

Load deposit and clearing files to SAP	Approve FI documents
CRU	CRU - Worklist
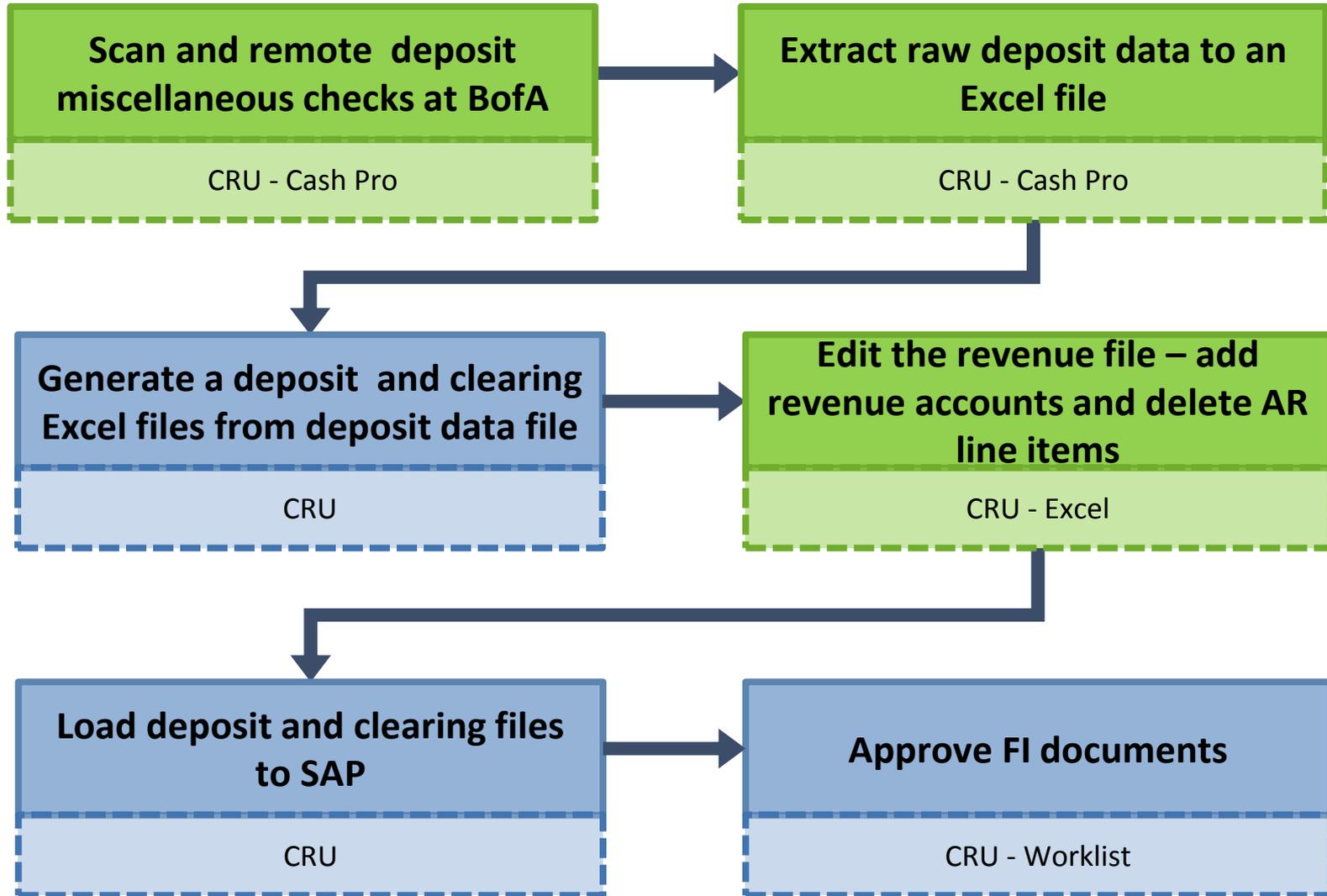
The cash deposit file generates the following entry

	Cash	
1	100	

	Cash Clearning	
		100	1

The cleaning/revenue file generates the following entry

	Cash	
1	100	

	Cash Clearning	
2	100	100	1

	Revenue	
		100	2

Walkthrough: RDSO Process

Extract raw deposit data file

Generate deposit and clearing Excel files

Edit revenue file

Load files to SAP

Worklist

This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Execute the RDSO process

ADD links to Globally Published simulations in Uperform

*To complete this exercise
follow the
instructions listed
here.*

The manual check process should only be used if the scanner is not working or for physical cash receipts

- Register the check deposit in SAP to generate the following transaction

Cash		Cash Clearning	
1 100			100 1

- The perform one of the following two transactions
    - If there is a customer invoice run the customer payment transaction to register the payment and clear both the customer and clearing accounts
    - If there is no customer invoice run the park journal entry transaction to post to revenue and the clearing account

Deposit check SAP

CRU

Non-AR

AR

Post journal entry to post to revenue

CRU

Process incoming payment to clear customer account

CRU
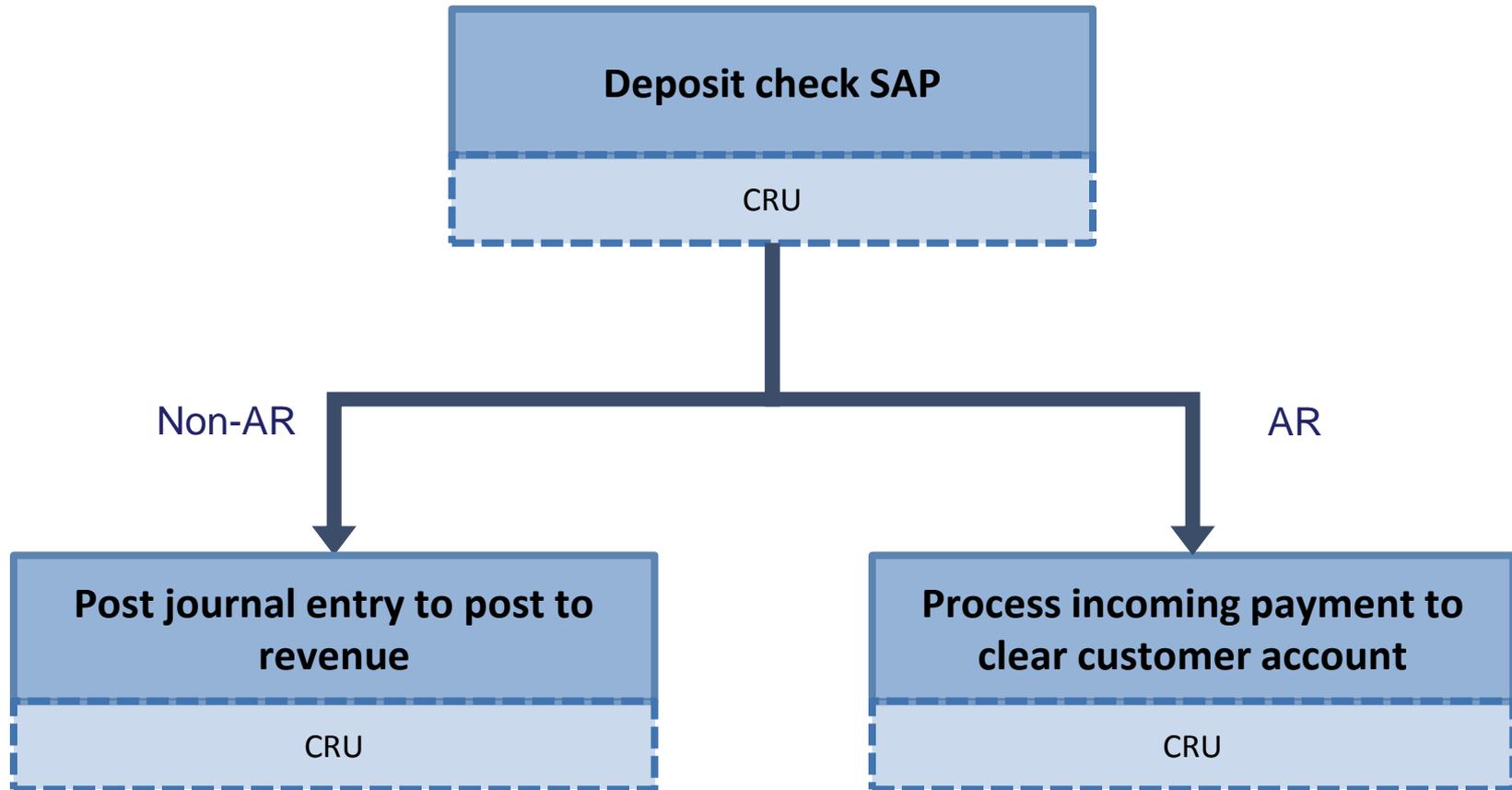
Walkthrough: Manual Checks

Manual check deposit

Customer Line Item Display

Post incoming payment

Park journal entry

This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Execute the manual check process

ADD links to Globally Published simulations in Uperform

To complete this exercise follow the instructions listed here.

You should now be able to:

- Describe the current process for cash receipts and pain points
- Explain the remote deposit services online (RDSO) process for miscellaneous receipts
- Process RDSO transactions
- Explain the accounting transactions generated by the RDSO process
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By the end of this chapter you will be able to:

- Describe the new Bank of America lockbox process and benefits
- Process lockbox transactions
- Describe the accounting postings generated by the lockbox process

The Bank of America Lockbox process will replace manual check processing for customer payments

- Customers will be instructed to send their payments to an address at Bank of America
- Bank of America will deposit the checks into an LAUSD account and then load a file containing transaction data to a secure server each business day
- LAUSD will retrieve the file and load it to SAP each night
- The SAP load will result in the following for each bank file transaction
  - Debit to the cash account
  - Credit to customer and clear customer open item(s)
- Each day CRU will confirm that
  - The file loaded successfully
  - All incoming payments have been applied

CRU may need to perform one or both of the following actions as part of the lockbox process

- If the file did not load successfully CRU will inform IT
- If all of the bank file line items were not automatically cleared CRU will used the Post Process Lockbox transaction to manually apply these items

```
┌─────────────────────────────┐      ┌─────────────────────────────┐
│ Customer sends payment to   │ ───► │ Load lockbox file to a      │
│ BofA Lockbox                │      │ secure site                 │
├─────────────────────────────┤      ├─────────────────────────────┤
│ Customer                    │      │ Bank                        │
└─────────────────────────────┘      └─────────────────────────────┘

┌─────────────────────────────┐      ┌─────────────────────────────┐
│ Pull lockbox file from      │ ───► │ Post to cash, cash          │
│ secure site and load to SAP │      │ clearing, and customer      │
│                             │      │ accounts                    │
├─────────────────────────────┤      ├─────────────────────────────┤
│ Automated in SAP            │      │ Automated in SAP            │
└─────────────────────────────┘      └─────────────────────────────┘

┌─────────────────────────────┐
│ Confirm file load and       │
│ process unmatched items     │
├─────────────────────────────┤
│ CRU                         │
└─────────────────────────────┘
```
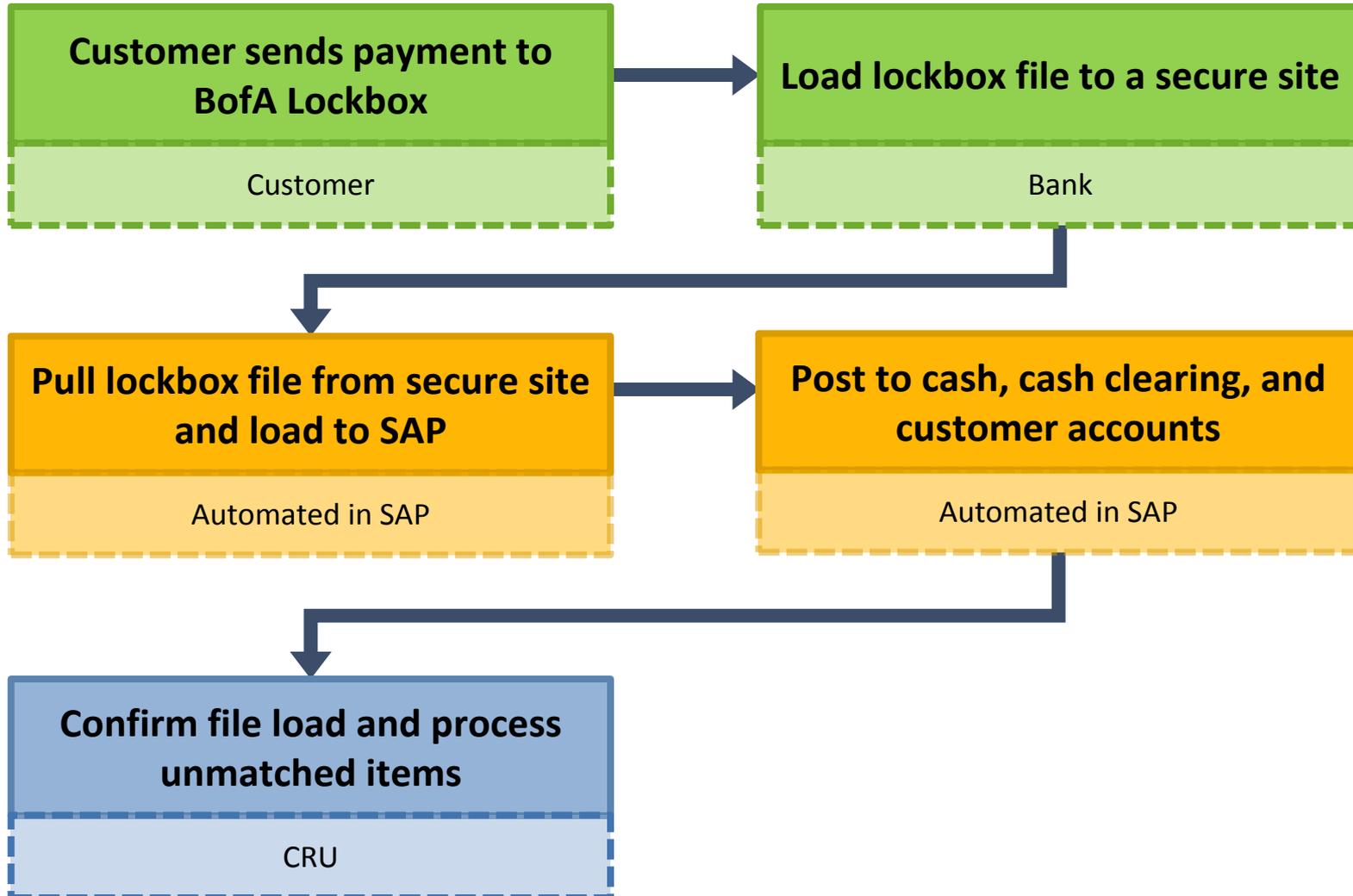
Benefits of the new lockbox process include

- Should result in lass manual work for the CRU

- Control over incoming cash will improve and application of cash to AR will occur more quickly

- Automated payment matching to receivables from lockbox data will improve accuracy of payment application

- The number of checks received directly by LAUSD as well as the transfer of checks between people/departments will be minimized

The file provided by Bank of America will be in a format called BAI2

- BAI2 is a standard format used by most banks to transmit data to customers
- The BAI2 file provided by Bank of America to LAUSD will contain
  - Transaction item amounts
  - Customer invoice number
  - Customer check number
- When the file is loaded to SAP the system performs a match between the deposit amounts and the customer open items
- Any unmatched customer items must be manually cleared

The accounts below demonstrate the postings that are generated when the BAI2 file is loaded to SAP

- In this scenario the customer was invoiced for $100 and paid $99
- SAP matches the $99 payment with the $100 customer open item using the SAP invoice number that was included in the BAI2 file

1 - Customer invoice

2 – File load – cash deposit

3 - Match and customer clearing

Customer

| 1 | 100 | |
| | | 99 | 3 |

Revenue

| | 100 | 1 |

Cash

| 2 | 99 | |

Cash Clearning

| 3 | 99 | 99 | 2 |
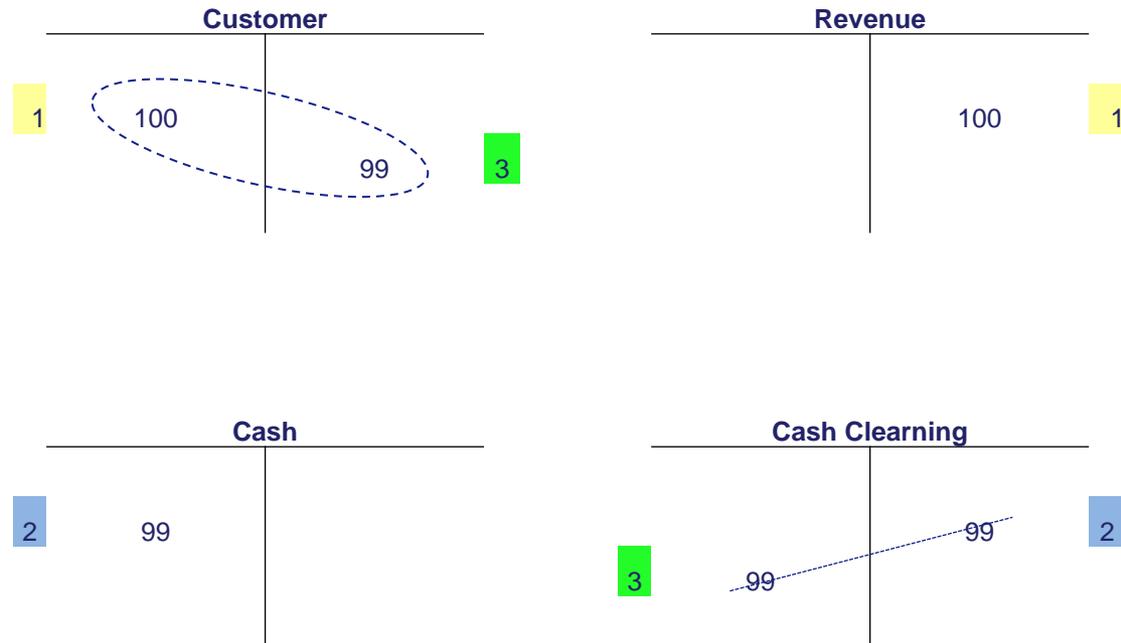
Walkthrough: Lockbox Process

Load BAI2 lockbox file

Post-processing lockbox data

Payment Advice Overview

This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Post-process lockbox

ADD links to Globally Published simulations in Uperform

To complete this exercise follow the instructions listed here.

You should now be able to:

- Describe the new Bank of America lockbox process and benefits

- Process lockbox transactions

- Describe the accounting postings generated by the lockbox process

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By the end of this chapter you will be able to:

- Display customer account line items
- Display GL account balances
- Display GL account line items
- Use dynamic selection for report parameters
- Create report variants
- Export reports to Excel
- Reverse clearing documents

The following reports and list displays will be useful as you research unmatched items as part of the lockbox process and perform cash, clearing, and customer account maintenance

- FBL5N – Customer line item display is used to show open and cleared line item transactions in individual customer accounts
- FS10N – GL account balance summary display of debit and credit postings by period that allows you to drilldown to the line items level
- FBL3N – GL line item display is used to show open and cleared line item transactions in individual GL accounts
- FAGLB03 – A second transaction code used to view line item displays
  - FAGLB03 shows document splitting
  - FBL3N does not show document splitting

The customer line item display displays open and cleared items

- This report can be useful if when you manually reconcile unmatched items from the bank file or if you need to unclear and reverse payments

- Red items are open (not cleared)

- Green items are cleared

- Yellow items are parked

- The document number column contains the invoice/credit memo and payment document number

	St	Assignment	DocumentNo	Typ	Doc. Date	S	DD	Amt in loc.cur.	LCurr	Clrng doc.
☐	🔴		2600001761	DG	04/25/2013		📇	24.00-	USD	
☐	🔴		2700025206	DR	04/24/2013		📇	900.00	USD	
☐	🔴		2700025207	DR	04/24/2013		📇	500.00	USD	
☐	🔴		2700025209	DR	04/25/2013		📇	250.00	USD	
☐	🔴		2700025210	DR	04/25/2013		📇	500.00	USD	
	*	🔴						2,126.00	USD	
☐	🟩		2600001759	DG	04/24/2013			15.00-	USD	2800022991
☐	🟩		2700025204	DR	04/24/2013			350.00	USD	2800022991
☐	🟩	AL PMT	2800022991	DZ	04/30/2013			335.00-	USD	2800022991

Open

Cleared

Dynamic selection is a feature of some SAP reports that allows you add fields to the parameter selection screen

- Click ⊞ on the report selection screen to display the additional available fields
- Double-click on field on the left to add it to the list of dynamic selections on the right
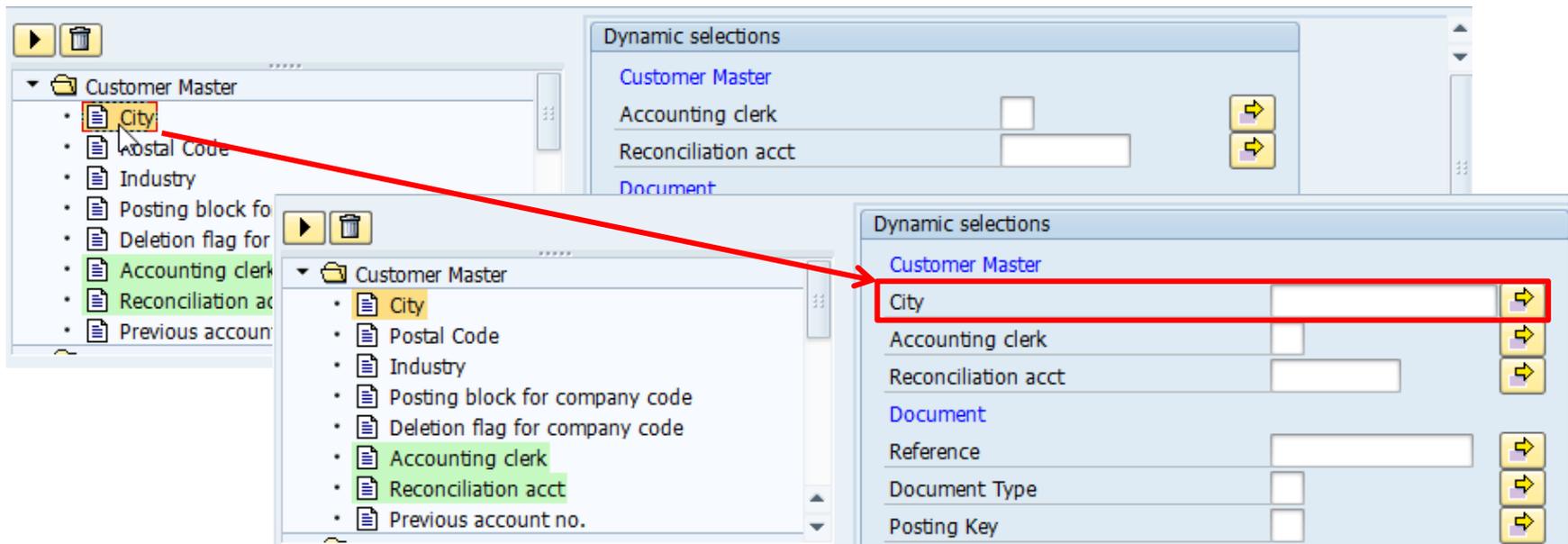
A report variant is a set of parameters and/or layouts that you can save and call up to use when running specific reports

- If the default layout of an SAP report doesn't display the information in a way that is useful to you it can be changed and saved
- Likewise you may be able to save values in the parameter selection screen including values in a dynamic selection field
- When you save a variant you must give it a name and description
- The next time you run the report you can call up the variant instead for reentering the values and resetting the report display
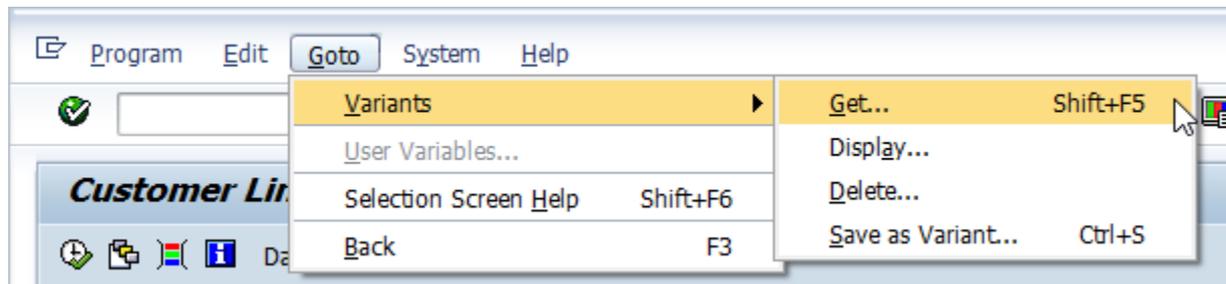
Walkthrough: Run account balance and line item reports

FBL5N – Customer account line item report
FS10N – GL account balance
FBL3N – GL line item display
FAGLB03 – GL line item display

This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Run GL account balance and line item reports

ADD links to Globally Published simulations in Uperform

To complete this exercise follow the instructions listed here.

If a customer payment has been posted incorrectly there are two options to correct the error

Reset and Reverse

- ▪ Resets the invoice to open
- ▪ Reverses the payment

Customer		Cash Clearing Cash Receipts
1 100		
	100 **2**	**2** 100
3 100		100 **3**
100		0 0
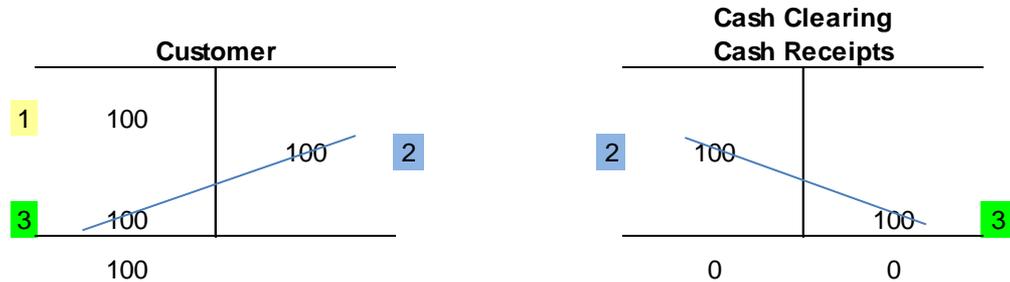
Reset

- ▪ Resets the invoice to open
- ▪ Leaves the payment posting in place

Customer		Cash Clearing Cash Receipts
1 100		
	100 **2**	**2** 100
100	100	100 0
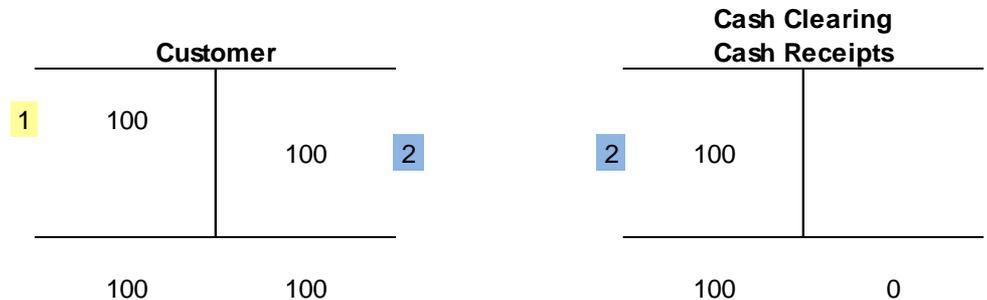
Walkthrough: Reverse a payment and reset cleared items

Reset cleared items

This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Reset cleared items

ADD links to Globally Published simulations in Uperform

*To complete this
exercise
follow the
instructions listed
here.*

You should now be able to:

- Display customer account line items
- Display GL account balances
- Display GL account line items
- Reverse clearing documents
- Manually clear open items

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By the end of this chapter you will be able to:

- Run cash reports

The two reports you will use for cash management are

- CA006 - Daily Cash Receipt Report by Fund and Account
- CA002 - Revenue and Cash Receipts Report
- Cash Deposit Report

Walkthrough: Cash reports and variants

- CA006 - Daily Cash Receipt Report by Fund and Account
- CA002 - Revenue and Cash Receipts Report
- Cash Deposit Report

This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Run Cash Reports

ADD links to Globally Published simulations in Uperform

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You should now be able to:

- Run cash reports

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You should now be able to:

- Execute the remote deposit service online (RDSO) process for miscellaneous receipts
- Perform manual check entries
- Process Bank of America lockbox functionality for cash receipts
- Manage open items
- Run cash reports

What have you learned so far?

Do you have any questions?

LRP goes live…

July 1, 2013

Business Tools for Schools

User ID *

Password *

* Enter your Single Sign-On (email) username and password to Log In.
e.g. (msmith@lausd.k12.ca.us, mary.smith@lausd.net)
Do not add domain name (@lausd.k12.ca.us @lausd.net)

Log on

Logon Problems? Get Support

Microsoft Internet Explorer 9 Users: Please read this

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After training support will include:

•The BASE Training Center will be the single point of access for SAP end-user documentation/materials.

- This website will make it easier for end users to access related business process materials.

- The materials will include the following:
  ✓ Course Presentations
  ✓ Simulations
  ✓ Quick Reference Guides
  ✓ Job Aids

•Context Sensitive Help within SAP

•Refresher (Open House) sessions

BASE Training Center Website [http://basetraining.lausd.net]

Training will rely on four (4) linked systems to deliver instruction.

System	Description
1. uPerform	Stores BPPs that will be used for SAP Context-Sensitive Help and BASE Training Center materials.
2. SAP	Context-sensitive help feature will link transactions to BPPs.
3. BASE Training Center	Training materials/courses will link to BPPs.
4. Learning Zone	Posted courses will link to BASE Training Center materials.

4 **Learning Zone**
http://lz.lausd.net
_____
Registration, attendance & assessment

2 **SAP**
http://bts.lausd.net
_____
Context-Sensitive Help

1 **uPerform**
http://eLearn.lausd.net
_____
Business Process Procedures (BPPs)

3 **BASE Training Center**
(Website)
http://basetraining.lausd.net
_____
Training Materials/Resources

Training
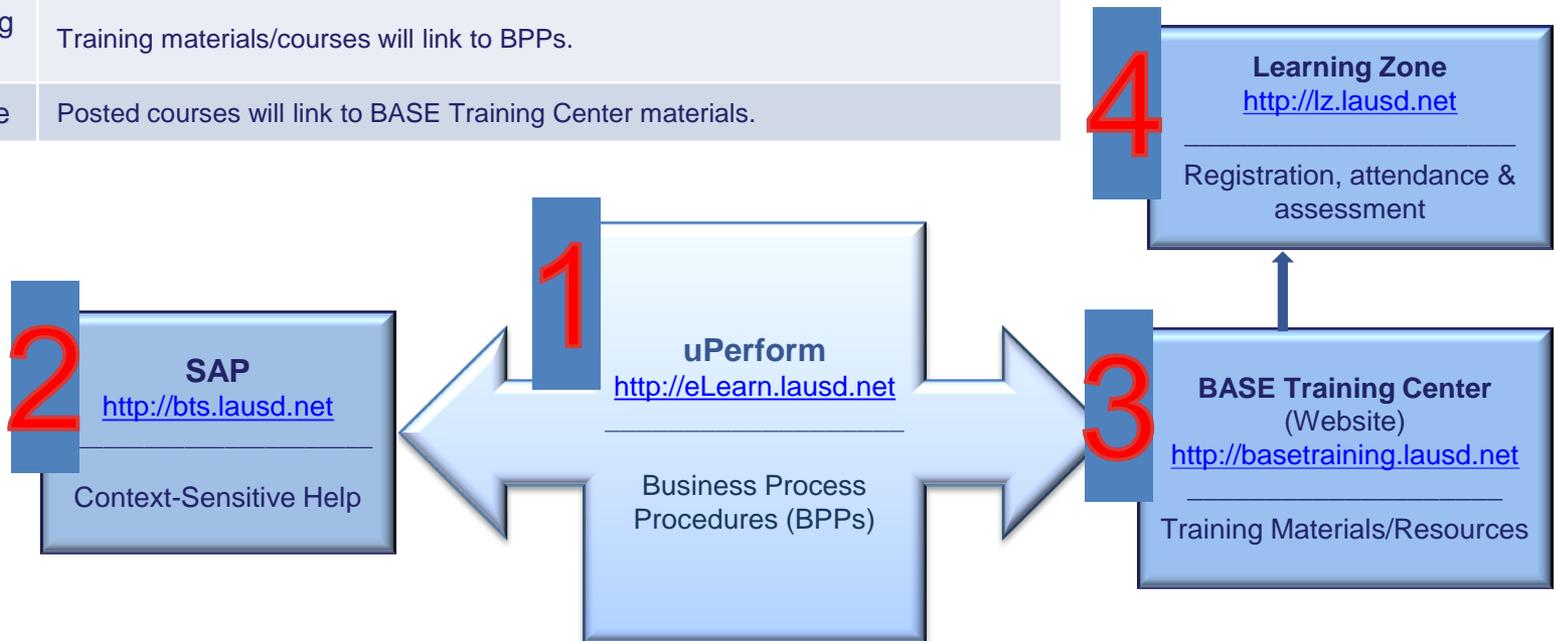
Learn more at http://lrpweb.lausd.net

Contact Us: lrp@lausd.net

You have completed the CTI0100 – Cash Application Course

Thank you for your time and attention!