

Document Overview

When a customer payment is returned due to non-sufficient funds, your company may want to invoice the customer for bank charges incurred by your company as well as re-invoice the customer. This process will place the balance due from the customer back into your Accounts Receivable and also reduce the balance in your bank account. You will see this item when you process your bank reconciliation.

This document explains how to handle customer checks returned for non-sufficient payment when the customer's check was already reconciled on your bank statement. If the check was not yet reconciled on your bank statement, you would use the Negative Payment Batch process. Please refer to the reference document on that topic.

This document covers several different NSF situations; each one uses a different process, each of which is described in this document.

- NSF check was completely applied to one or more invoices.
- NSF check was completely applied to invoices and late fees.
- NSF check was partially applied to one or more invoices and the remainder to unapplied cash.
- NSF check has not been applied to any invoices; saved as unapplied cash or an advance deposit.

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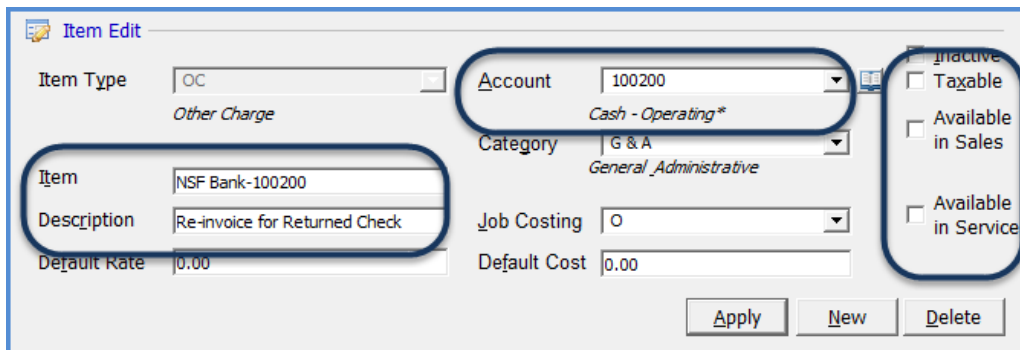
Setup

You will need to create two or three new Invoice Items and an Invoice Description for NSF fees in SedonaSetup. If your company is not assessing late fees, then you will only need to create two new Invoice Items.

Invoice Item Setup

This first Invoice Item will be used when creating a miscellaneous Invoice to re-bill the customer for the original invoice. This will reduce the balance in your bank account for the amount of the NSF check and re-invoice the customer for the original invoice amount.

Create the first Invoice Item labeled NSF Bank followed by the Bank Account GL number. In the description field enter Re-invoice for Returned Check. In the account field select the G/L account associated with the Bank account normally used for customer deposits. Make certain not to check the Taxable, Available for Sales or Available in Service checkboxes.



The screenshot shows the 'Item Edit' dialog box with the following fields and values:

- Item Type: OC (Other Charge)
- Account: 100200 (Cash - Operating*)
- Category: G & A (General Administrative)
- Item: NSF Bank-100200
- Description: Re-invoice for Returned Check
- Job Costing: 0
- Default Rate: 0.00
- Default Cost: 0.00

On the right side, there are four unchecked checkboxes:

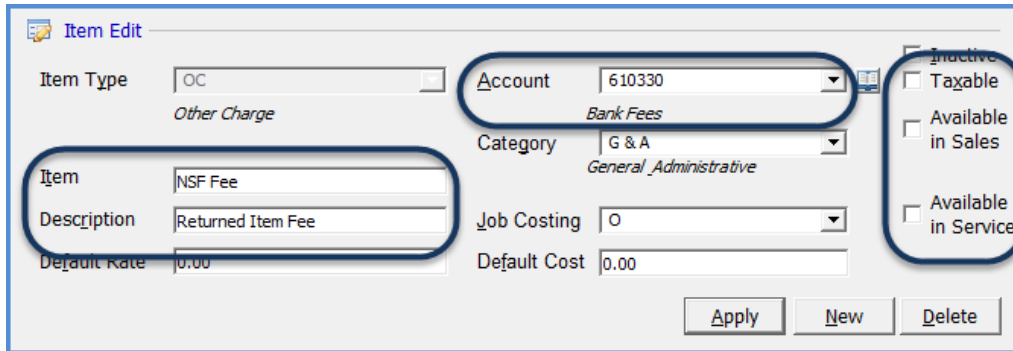
- Inactive
- Taxable
- Available in Sales
- Available in Service

At the bottom, there are three buttons: Apply, New, and Delete.

If your company will be charging the customer an NSF fee for the returned check, you will need to create a second Invoice Item for this purpose.

Create the new Invoice Item and label it NSF Fee or whatever description you choose for the item. In the account field select the desired income account. If NSF fees are taxable, check the Taxable checkbox. Do not check the Available for Sales or Available in Service checkboxes.

In the example below, we have selected the Bank Fees expense account since our company is charged a fee for NSF checks and we want to offset that expense by charging the customer for this amount.



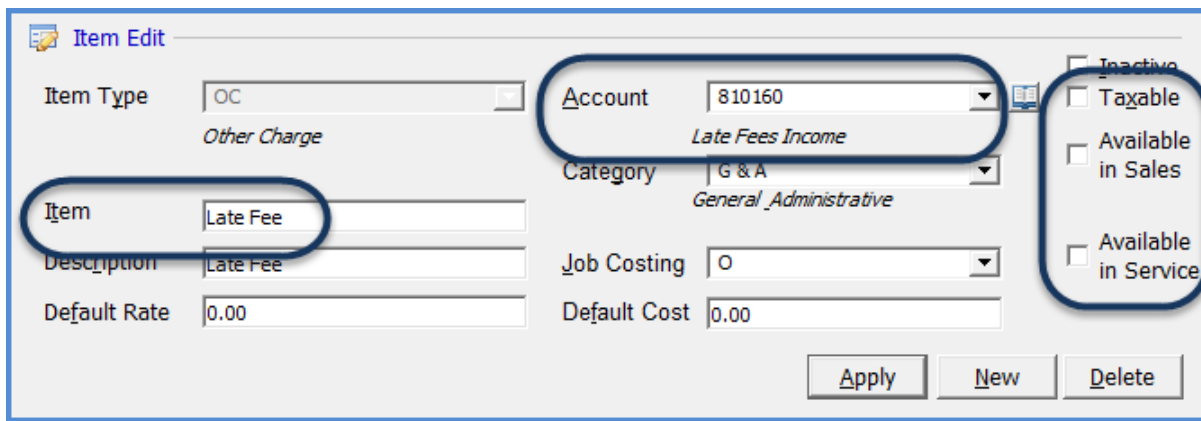
The screenshot shows the 'Item Edit' window with the following fields and values:

- Item Type: OC (Other Charge)
- Account: 610330 (Bank Fees)
- Category: G & A (General Administrative)
- Item: NSF Fee
- Description: Returned Item Fee
- Default Rate: 0.00
- Default Cost: 0.00
- Job Costing: 0
- Available for Sales:
- Available in Service:
- Taxable:
- Inactive:

Buttons at the bottom: Apply, New, Delete

If your company assesses and collects Late Fees from your customers, then you will need to set up an Invoice Item that will be used to reverse a payment that was previously applied to the customer's Late Fees.

Create the new Invoice Item and label it Late Fee Reversal or whatever description you choose for the item. In the account field select your company's Customer Refund account. This account number is found in SedonaSetup (GL Account Defaults for Accounts Payable). Do not check the Taxable, Available for Sales or Available in Service checkboxes.



Item Edit


Item Type	OC	Account	810160	<input type="checkbox"/> Inactive
	<i>Other Charge</i>		<i>Late Fees Income</i>	<input type="checkbox"/> Taxable
Item	Late Fee	Category	G & A	<input type="checkbox"/> Available in Sales
			<i>General Administrative</i>	<input type="checkbox"/> Available in Service
Description	Late Fee	Job Costing	0	
Default Rate	0.00	Default Cost	0.00	

Apply New Delete

Invoice Description Setup


In SedonaSetup, create an Invoice Description labeled NSF.

Invoice Description

 Invoice Description

Invoice Description	Description	Inactive
Conv Bal Fwd	Conversion Balance Fwd	N
Credit on Account	Credit on Account	N
Equipment Sales	Equipment Sales	N
Finance Charge	Finance Charge	N
Inspection	Inspection	N
Installation Services	Installation Services	N
NSF	NSF	N
Recurring	Contracted Services	N
Referral	Referral	N
Retention Billing	Retention Billing	N
Service Call	Service Call	N
Shipping	Shipping & Handling	N
Site Survey	Site Survey	N
Technical	Technical Services	N

Include Inactive

 Invoice Description Edit Inactive

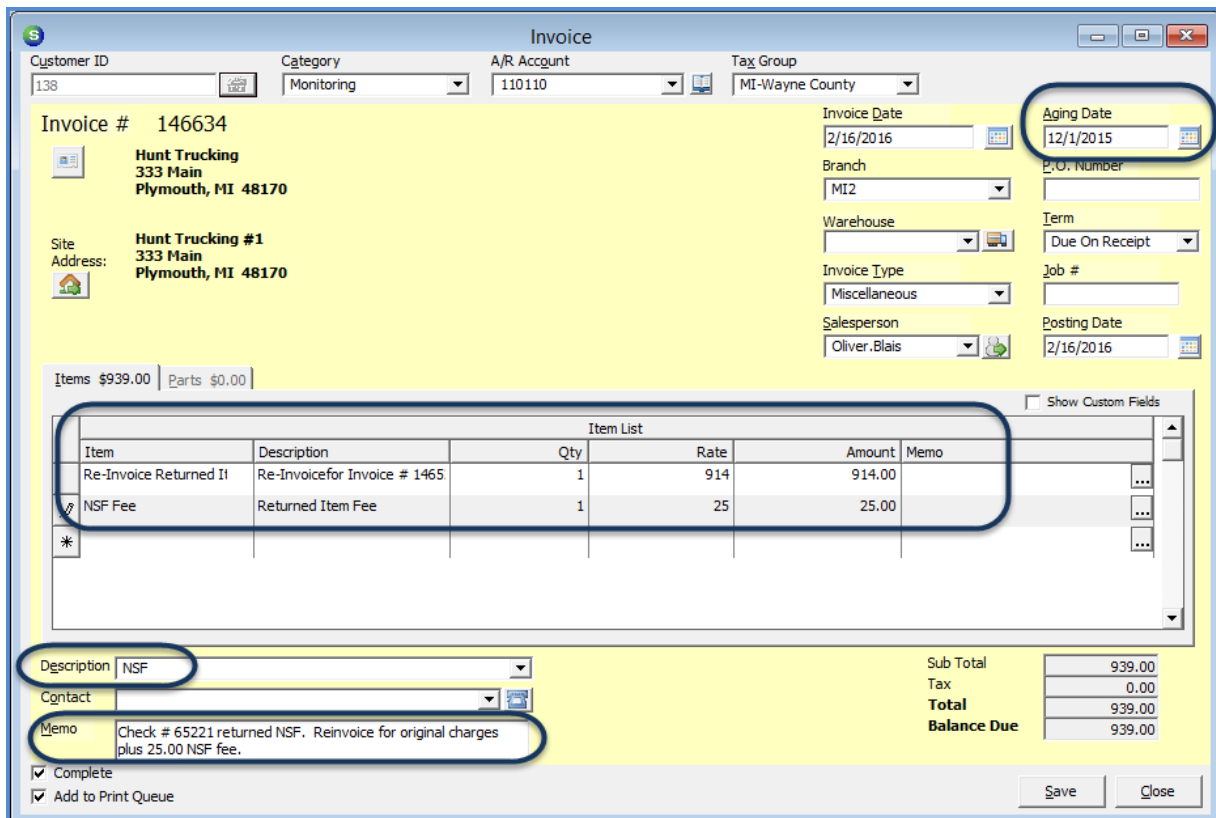
Invoice Description:

Description:

Functionality & Process

NSF Check Completely Applied to Invoices

1. Navigate to the customer record, highlight Invoices from the customer tree, right-click to create a new invoice.
2. Select the Invoice Item NSF Bank-xxx. You may edit the description on this invoice line to include the original invoice number. Enter the total amount of the check that was returned.
3. On line two of the invoice, select Invoice Item NSF Fee. Enter the amount of the fee you are charging to the customer. Skip this step if you will not be charging your customer and NSF fee.
4. Select the Invoice Description of NSF.
5. In the Aging Date field you may enter the aging date of the original invoice to which the NSF payment was applied. When finished, click the Save button to post the invoice.



Invoice

Customer ID: 138 | Category: Monitoring | A/R Account: 110110 | Tax Group: MI-Wayne County

Invoice # 146634

Hunt Trucking
333 Main
Plymouth, MI 48170

Site Address: **Hunt Trucking #1**
333 Main
Plymouth, MI 48170

Invoice Date: 2/16/2016 | Aging Date: 12/1/2015

Branch: MI2 | Warehouse: | Invoice Type: Miscellaneous | Salesperson: Oliver.Blais

Term: Due On Receipt | Posting Date: 2/16/2016

Items \$939.00 | Parts \$0.00

Item	Description	Qty	Rate	Amount	Memo
Re-Invoice Returned I	Re-Invoicefor Invoice # 1465	1	914	914.00	
NSF Fee	Returned Item Fee	1	25	25.00	

Description: NSF

Memo: Check # 65221 returned NSF. Reinvoice for original charges plus 25.00 NSF fee.

Sub Total: 939.00
Tax: 0.00
Total: 939.00
Balance Due: 939.00

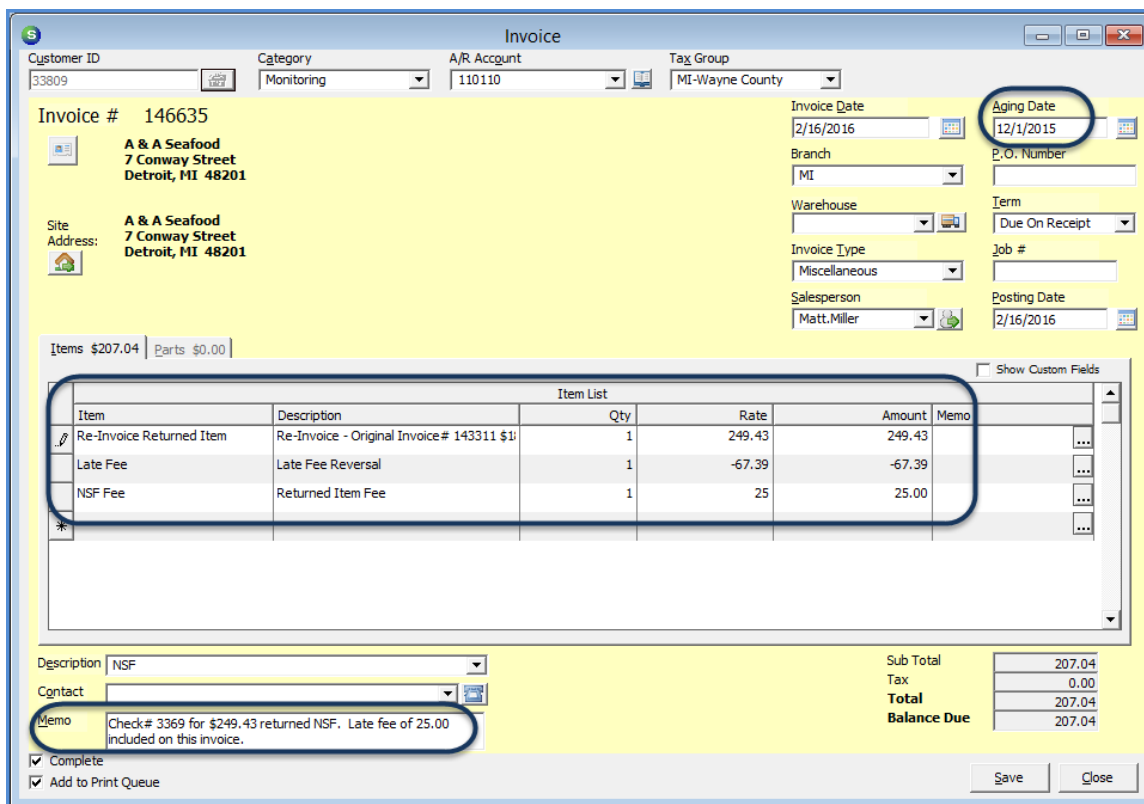
Complete
 Add to Print Queue

Save Close

NSF Check Applied to Invoices and Late Fees

In this situation the NSF check had been applied to an invoice and to late fees. The end result of this process will credit the bank account for the amount of the NSF check, reverse amounts previously applied to Late Fees, re-invoice for the original invoice amount and an NSF Fee.

1. Navigate to the customer record, highlight Invoices from the customer tree, right-click to create a new invoice.
2. Select the Invoice Item NSF Bank-xxx. You may edit the description on this invoice line to include the original invoice number. Enter the total amount of the check that was returned.
3. On line two of the invoice, select the Late Fee Invoice Item. In the Rate field, enter a negative amount for the amount that previously applied to Late Fees.
4. On line three of the invoice, select the Invoice Item NSF Fee. Enter the amount of the fee you are charging to the customer. Skip this step if you will not be charging your customer and NSF fee.
5. Select the Invoice Description of NSF.
6. In the Aging Date field you may enter the aging date of the original invoice to which the NSF payment was applied. When finished, click the *Save* button to post the invoice.



Invoice # 146635

A & A Seafood
7 Conway Street
Detroit, MI 48201

Site Address: A & A Seafood
7 Conway Street
Detroit, MI 48201

Invoice Date: 2/16/2016
Aging Date: 12/1/2015

Branch: MI
Warehouse: []
Invoice Type: Miscellaneous
Salesperson: Matt.Miller

Item	Description	Qty	Rate	Amount	Memo
Re-Invoice Returned Item	Re-Invoice - Original Invoice # 143311 \$1	1	249.43	249.43	
Late Fee	Late Fee Reversal	1	-67.39	-67.39	
NSF Fee	Returned Item Fee	1	25	25.00	

Description: NSF

Memo: Check# 3369 for \$249.43 returned NSF. Late fee of 25.00 included on this invoice.

Sub Total: 207.04
Tax: 0.00
Total: 207.04
Balance Due: 207.04

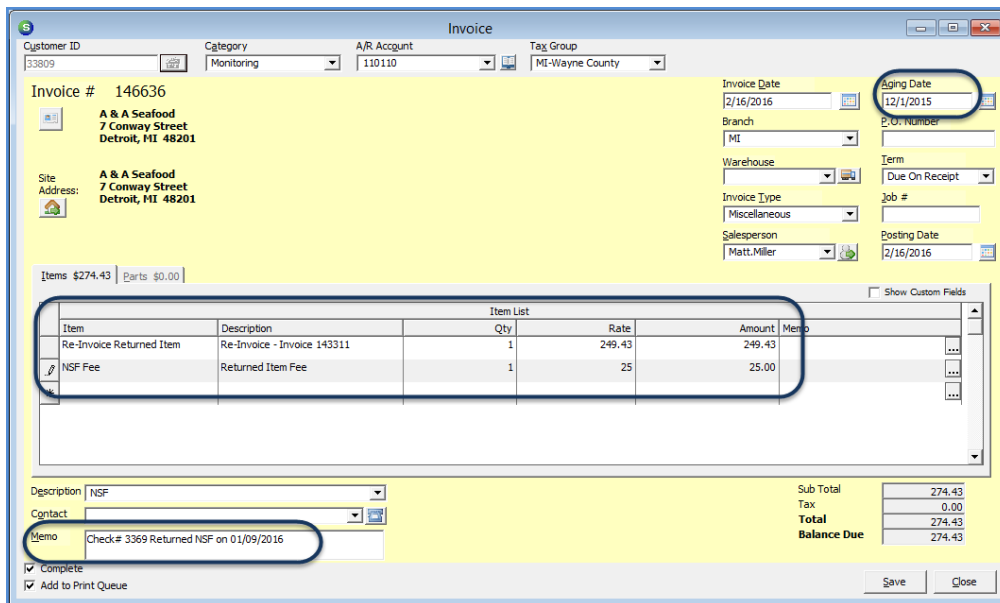
Buttons: Save, Close

NSF Check Applied to Invoices and Unapplied Cash or Advance Deposit

In this situation the NSF check had been applied to an invoice and the remainder to unapplied cash. Then end result of this process will credit the bank account for the amount of the NSF check, re-invoice for the original invoice amount and an NSF Fee, and remove the unapplied cash on the customer's account.

This same process is used if the NSF check had been applied to an invoice and the remainder as an advance deposit.

1. Navigate to the customer record, highlight Invoices from the customer tree, right-click to create a new invoice.
2. Select the Invoice Item NSF Bank-xxx. You may edit the description on this invoice line to include the original invoice number. Enter the total amount of the check that was returned.
3. On line two of the invoice, select the Invoice Item NSF Fee. Enter the amount of the fee you are charging to the customer. Skip this step if you will not be charging your customer and NSF fee.
4. Select the Invoice Description of NSF.
5. In the Aging Date field you may enter the aging date of the original invoice to which the NSF payment was applied. When finished, click the *Save* button to post the invoice.
6. Lastly, apply the unapplied cash or advance deposit to the miscellaneous invoice you just saved. Once this has been applied, the invoice amount should total the original invoice amount plus an NSF fee if you opted to charge that type of fee to the customer.



The screenshot shows the 'Invoice' window in SedonaOffice. The 'Customer ID' is 33809, 'Category' is Monitoring, 'A/R Account' is 110110, and 'Tax Group' is MI-Wayne County. The 'Invoice #' is 146636. The customer is 'A & A Seafood' at '7 Conway Street, Detroit, MI 48201'. The 'Invoice Date' is 2/16/2016 and the 'Aging Date' is 12/1/2015. The 'Branch' is MI. The 'Warehouse' is blank. The 'Invoice Type' is Miscellaneous. The 'Salesperson' is Matt Miller. The 'Posting Date' is 2/16/2016. The 'Items' section shows a total of \$274.43 and parts of \$0.00. The 'Item List' table is as follows:

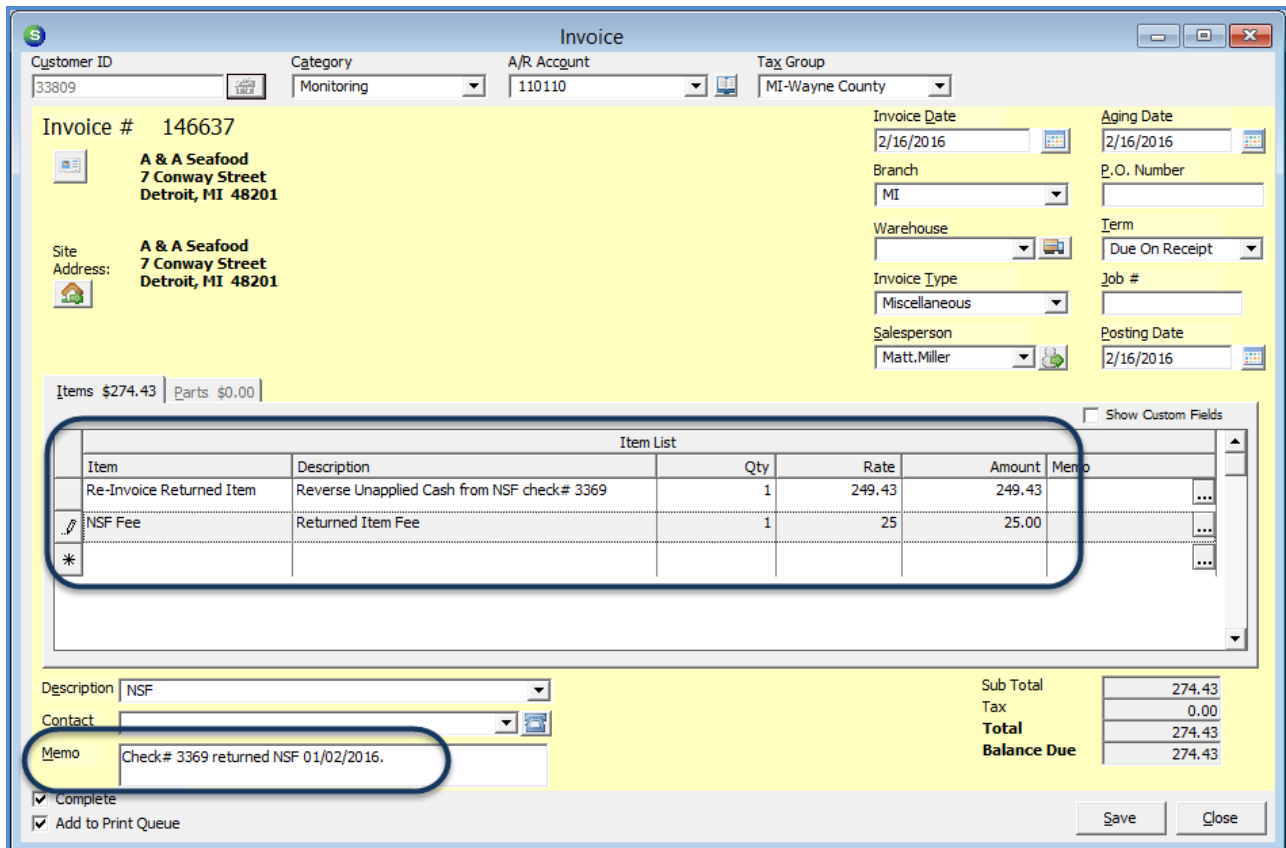
Item	Description	Qty	Rate	Amount	Memo
Re-Invoice Returned Item	Re-Invoice - Invoice 143311	1	249.43	249.43	
NSF Fee	Returned Item Fee	1	25	25.00	

The 'Description' is NSF. The 'Contact' is blank. The 'Memo' is 'Check# 3369 Returned NSF on 01/09/2016'. The 'Sub Total' is 274.43, 'Tax' is 0.00, 'Total' is 274.43, and 'Balance Due' is 274.43. The 'Save' and 'Close' buttons are visible at the bottom right.

NSF Check Applied to Unapplied Cash or Advance Deposit

In this situation the NSF check had been to unapplied cash or an advance deposit. The end result of this process will credit the bank account for the amount of the NSF check, remove the unapplied cash on the customer's account, and invoice the customer for an NSF fee.

1. Navigate to the customer record, highlight Invoices from the customer tree, right-click to create a new invoice.
2. Select the Invoice Item NSF Bank-xxx. Enter the total amount of the check that was returned.
3. On line two of the invoice, select the Invoice Item NSF Fee. Enter the amount of the fee you are charging to the customer. Skip this step if you will not be charging your customer and NSF fee.
4. Select the Invoice Description of NSF. When finished, click the *Save* button to post the invoice.
5. Lastly, apply the unapplied cash or advance deposit to the miscellaneous invoice you just saved. Once this has been applied, the invoice balance should total just the NSF fee if you opted to charge that type of fee to the customer, otherwise the invoice will be paid off with the unapplied cash or advance deposit.



The screenshot shows the 'Invoice' window in SedonaOffice. The 'Customer ID' is 33809, 'Category' is Monitoring, 'A/R Account' is 110110, and 'Tax Group' is MI-Wayne County. The 'Invoice #' is 146637. The customer is 'A & A Seafood' at '7 Conway Street, Detroit, MI 48201'. The 'Invoice Date' is 2/16/2016 and the 'Aging Date' is also 2/16/2016. The 'Branch' is MI, 'Warehouse' is empty, 'Invoice Type' is Miscellaneous, and 'Salesperson' is Matt.Miller. The 'Posting Date' is 2/16/2016. The 'Items' section shows a total of \$274.43 for items and \$0.00 for parts. The 'Item List' table is circled in blue and contains the following data:

Item	Description	Qty	Rate	Amount	Memo
Re-Invoice Returned Item	Reverse Unapplied Cash from NSF check# 3369	1	249.43	249.43	...
NSF Fee	Returned Item Fee	1	25	25.00	...
*					...

The 'Description' is NSF, and the 'Memo' is 'Check# 3369 returned NSF 01/02/2016.'. The 'Sub Total' is 274.43, 'Tax' is 0.00, 'Total' is 274.43, and 'Balance Due' is 274.43. The 'Save' and 'Close' buttons are visible at the bottom right.