ITC_Cash Applications_Direct Debit

DOCUMENT CONTROL INFORMATION

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Version	Date	Edited By	Approved By	Summary of Changes
2.0	09-01-2021	Praveen Agarwal	[redacted]	
2.0	03/17/2023	Karan Gosain		Page 12,18,21,29 Payment Method & Business area updated.
2.0	04/01/2025	-		

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~~1.1~~ 1.1 End-to-End Process

This process is done every time a request is received from the Cash Task. The collector will work with the customer to sign up for the direct debit enrollment and then the completed form is attached on the direct debit cash task submitted and note on the request if the account needs to be set up via manual or automatic debit so the system will pull the funds on the customer's bank account. Also, customer may opt to allow us to pull a specific amount and the preferred date when the funds should be pulled on their account via lump sum request or customer down payment request . Cash Application will then process there direct debit cash task depending on the notation on the cash task request and the necessary back up documentation attached (EFT enrollment form)

1.2 Tools/Systems Required

Name	Description	Location/Path
SAP	To Open and process the direct debit cash task - (/N/SOP/CDM)	

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PROCESS OVERVIEW & PROCEDURE

2.1 Inputs & Outputs

Critical Process Inputs

Item	Description	Source (e.g., Related SOPs) / Contact details	File Location/Path	Required (Y/N)

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Request for direct debit	All the requests related to Direct debit will be found in SAP worklist (/N/SOP/CDM)	SAP		NA

Critical Process Outputs

Item	Description	File Location/Path	Required (Y/N)
Clearing Document	After processing this request, we get the Clearing Document	SAP	NA

2.2 Roles & Responsibilities

Mainly two teams are responsible for the requests. Collection team is responsible to queue the Direct Debit request in SAP and that request is handled by the Cash Application team. Cash Application team is also responsible to reject the request for required reasons.

Roles	Responsibilities
Cash application Team	• Review Direct Debit request
	• Further process these requests in SAP • Approve/Reject request as per the guidelines

2.3 Definitions

Process Acronyms	Description
FSP	SAP system for Pharma business segment
TPM	SAP system for Medical business segment

2.5 Detailed Process Steps

Activity ID, Name and Role Responsible	Description/Detail Work Instruction	Notes/Exceptions/ Additional Information
1. Login to SAP (/N/SOP/CDM)	I. Open Cash Task (/N/SOP/CDM) - Direct Debit **A. Manual EFT enrollment** • Log into SAP • Open direct debit cash task • Direct debit related activities are to be completed by SME and above • The task must include these attachments: ✓ ACH and Pre-Authorized Depository Transfer Check (Electronic Authorization Agreement) must include signatures. ✓ Enrollment Form - filled in completely ✓ There should also be a notation in the collector's email (attached to task) or on the form if the withdrawal is automatic or if the Collector manually select the invoices. ○ NOTE: The preference is to have the withdrawal automatic so there is no manual intervention by the collection staff. ✓ A copy of a voided check from the customer. The MICR must match the Transit Routing/ABA# and Checking Account # on the Enrollment form. ✓ In case Void check is not available then Bank letter confirming the banking details of the customer is needed. ✓ Credit Application form will suffix as a documentation for new customers **Note:** If any of the attachments are missing or incomplete, return to the appropriate requestor. Forms that have been altered by the customer are not acceptable.	

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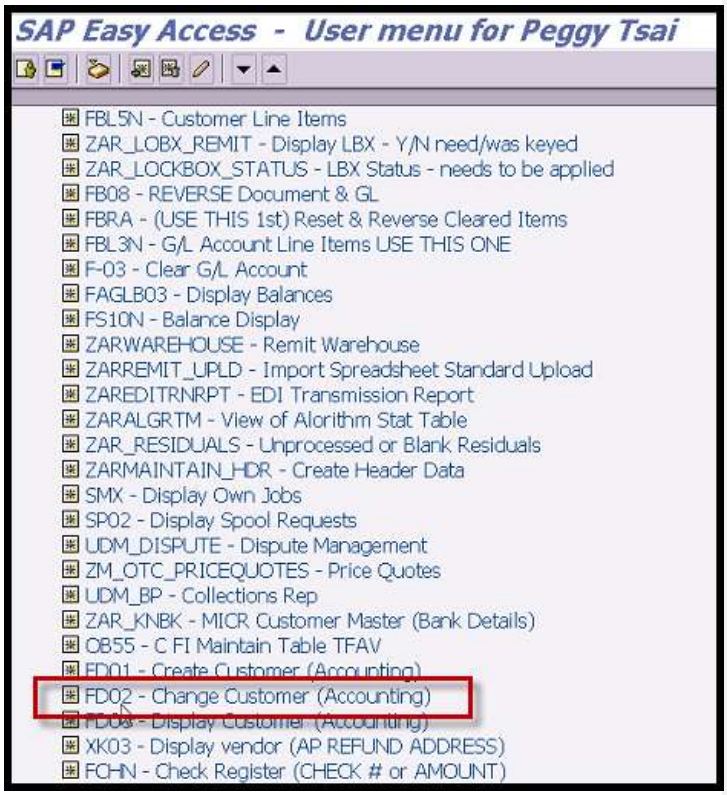
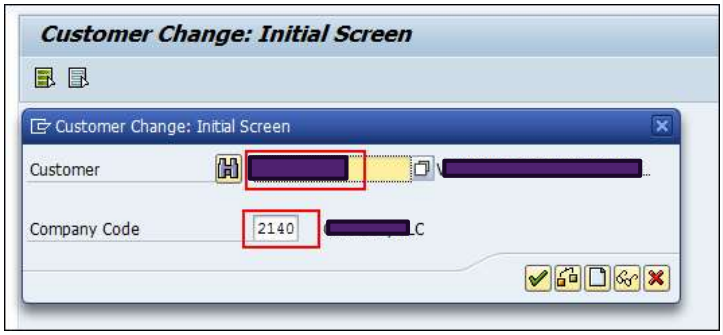
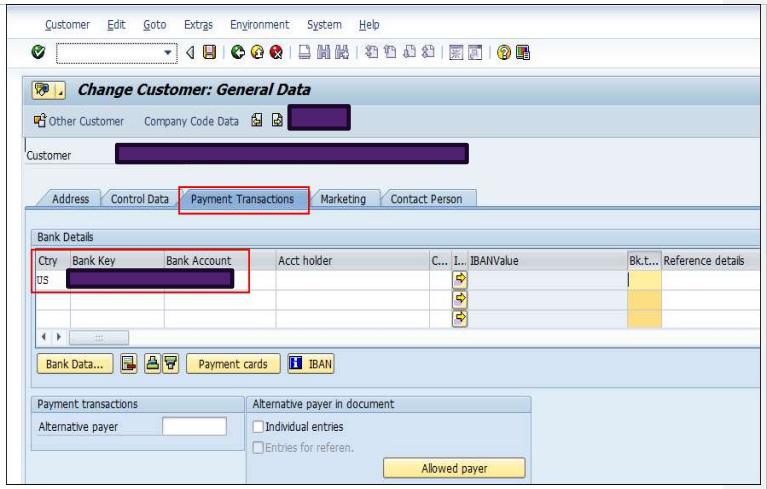
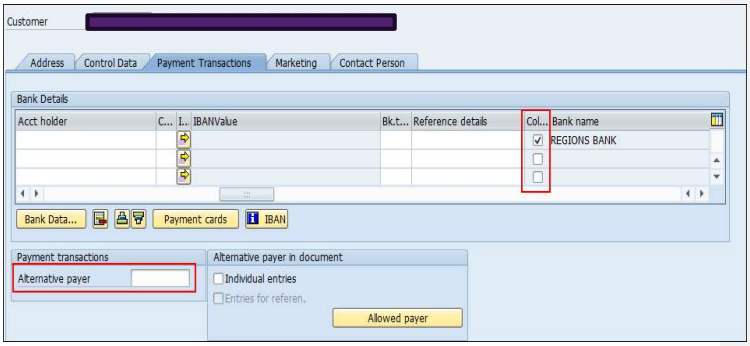
2. Examples of attached forms (Inc. Enrollment and Void check)	Validate check-in account #, routing #, customer name, Amount with Check and enrollment form.	
3. Update Customer's Information	• Log into **SAP (FSP or TPM)** • Go to t-code FD02 – Change Customer (Accounting)  	

4. Customer Information Details	Populate the Customer field based on the information provided in the form, and then press the Enter key. Key the appropriate Company code if not provided on the activity request, reach out to the Collector for this information.  Click the Payment Transactions tab, and update banking information based on the information provided in the form	

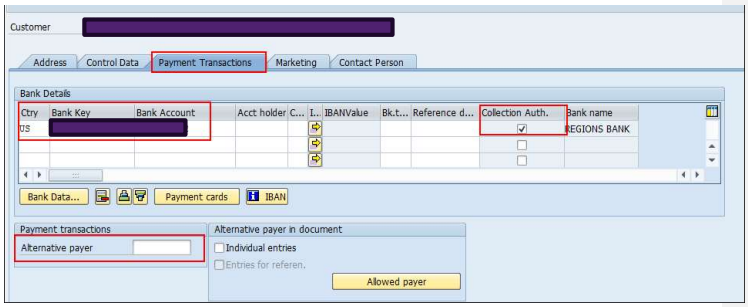


Scroll to the far right and click the “Col” box in the column next to Reference Details. The system will use this bank account to pull the funds from.

If the Alternative payer field is populated, delete it.



If you adjust the column widths in SAP, all fields mentioned above can be seen at once for final review. Screen should look like this.



Note: **Stop Here If Manual Direct Debit was requested; go to the next steps if automatic pull was requested**

- Click the Company Code Data button (the remaining steps are only completed if automatic pull was requested, if manual was requested only complete the steps above (page 1 to 6)

5.AUTOMATIC DEBIT/EFT

Click the Payment Transactions tab

- Change Payment Methods to I (for Incoming AR Direct Debit) for NP and MP.
- Change Payment Methods to D (P-Mo Incoming AR Direct Debit) for P
- Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for SP.
- Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for Kin
- Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for ParM.

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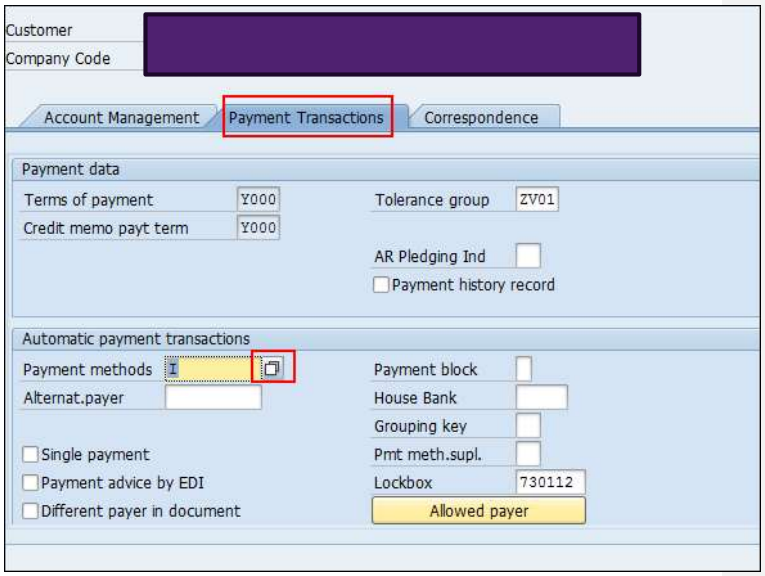
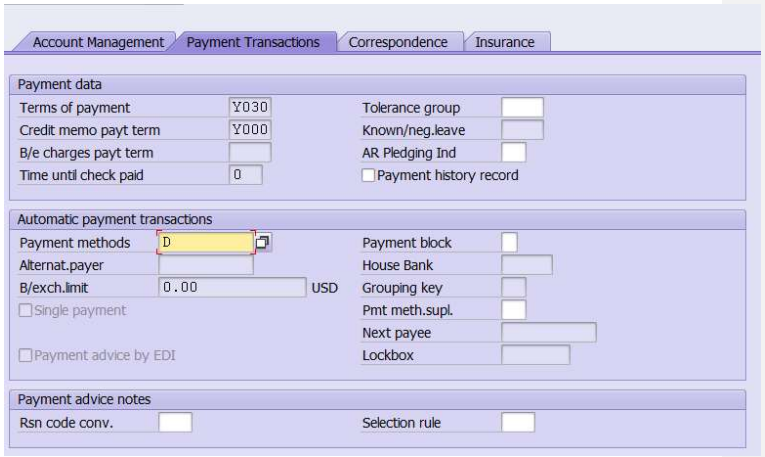
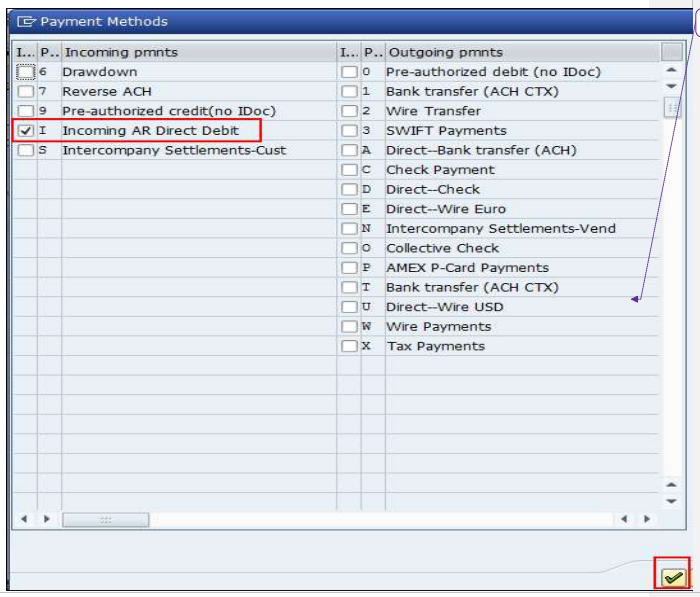

Customer
Company Code
Account Management
Payment Transactions
Correspondence
Payment data
Terms of payment
Y000
Credit memo payt term
Y000
Tolerance group
ZV01
AR Pledging Ind
Payment history record
Automatic payment transactions
Payment methods
I
Alternat.payer
Payment block
House Bank
Grouping key
Single payment
Pmt meth.supl.
Payment advice by EDI
Lockbox
730112
Different payer in document
Allowed payer


Account Management
Payment Transactions
Correspondence
Insurance
Payment data
Terms of payment
Y030
Credit memo payt term
Y000
B/e charges payt term
Time until check paid
0
Tolerance group
Known/neg.leave
AR Pledging Ind
Payment history record
Automatic payment transactions
Payment methods
D
Alternat.payer
B/exch.limit
0.00
USD
Single payment
Payment advice by EDI
Payment block
House Bank
Grouping key
Pmt meth.supl.
Next payee
Lockbox
Payment advice notes
Rsn code conv.
Selection rule

6. Incoming AR Direct Debit	• Uncheck any other payment method and change to I (Incoming AR Direct Debit) for NP and MP or change to D (P-Mo Incoming AR Direct Debit) for P and Parm. • Change Payment Methods to D (P-Mo Incoming AR Direct Debit) for P • Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for SP. • Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for Kin • Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for ParM. 

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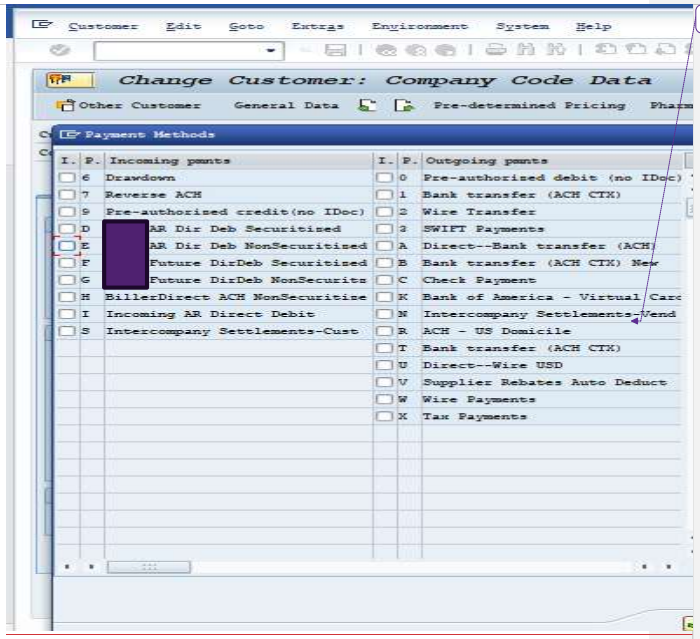
Payment Methods

I...	P...	Incoming pmnts	I...	P...	Outgoing pmnts
☐	6	Drawdown	☐	0	Pre-authorized debit (no IDoc)
☐	7	Reverse ACH	☐	1	Bank transfer (ACH CTX)
☐	9	Pre-authorized credit(no IDoc)	☐	2	Wire Transfer
☑	D	[redacted] Incoming AR Direct Debit	☐	3	SWIFT Payments
☐	F	[redacted] ARFuture Due DirectDebit	☐	C	Check Payment
☐	I	Incoming AR Direct Debit	☐	N	Intercompany Settlements-Vend
☐	S	Intercompany Settlements-Cust	☐	T	Bank transfer (ACH CTX)
			☐	V	Supplier Rebates Auto Deduct
			☐	W	Wire Payments
			☐	X	Tax Payments



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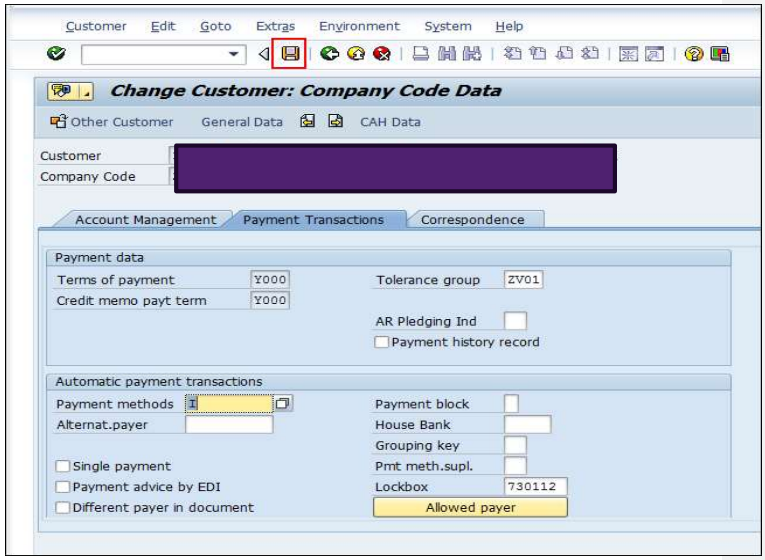
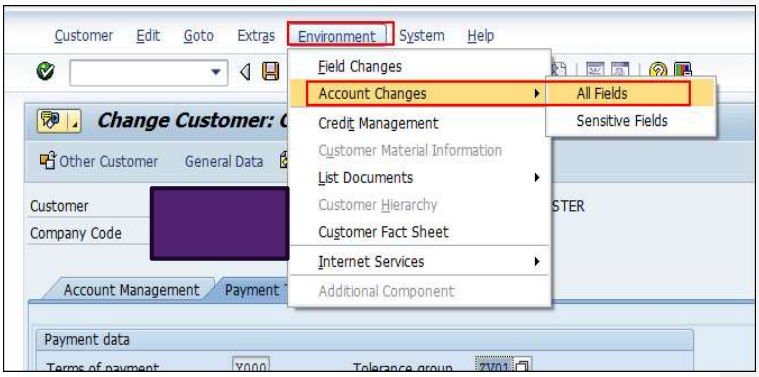
7. Saving payment method details

After selecting the correct payment method, we need to post or click save where details are updated.



8. Review changes to customer's information	• Changes to a customer's information can be reviewed for the date the change was made. • From VD02 screen with customer entered, go to Environment - Account Changes - All Fields  • Next Click on All Changes	

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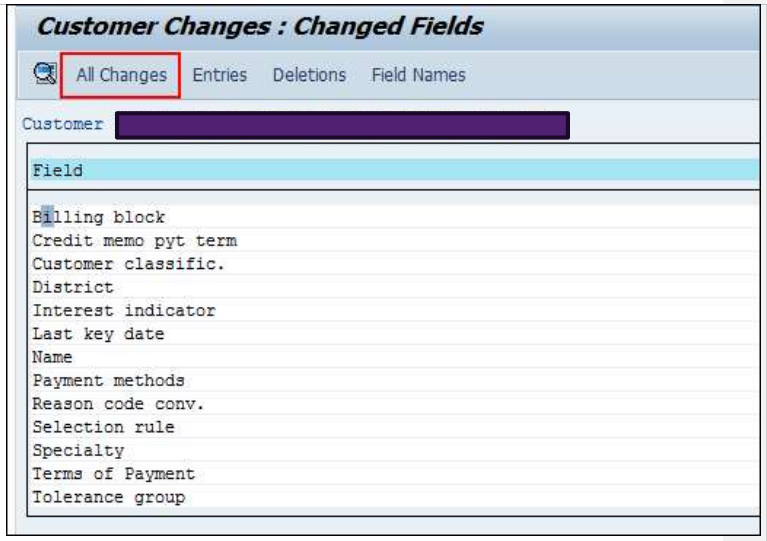

- A list of all changes made to customer are listed, including the change in payment methods which was a change from check (C) to direct debit (I)

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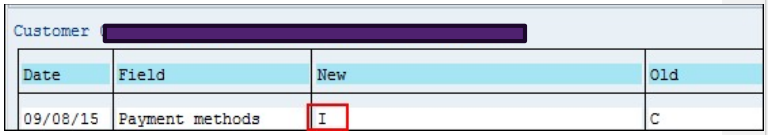
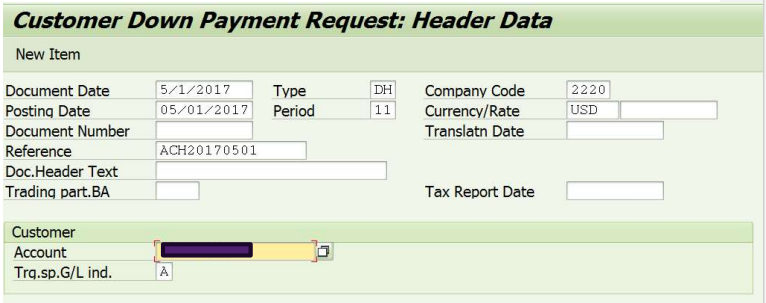


9. Lump Sum Request /Payment Plan

Enter transaction code F-37 in SAP

10. Necessary details required	Enter the required data in the following fields. In the Document Date field, enter today's date. In the Type field, enter DH In the Company Code field, entered the company code associated with the customer In the Posting Date field, enter the today's date. In the Currency/Rate field, enter USD. In the Reference field, enter a payment reference. ▪ In this example, the reference entered was ACH and the scheduled date: ACH20170501. ▪ If you are scheduling more than one payment, use this field to differentiate the multiple payments. For example, if you will be scheduling 2 different weekly payments for the same customer, enter ACH20170501 for the one on 5/1/17, and then ACH20170508 when entering the one on 5/8/17. In the Account field, enter the customer number.  Press the Enter key or click the Green Check Mark icon .
11. Customer Down Payment Request Add Customer item screen.	The "Customer Down Payment Request Add Customer item" screen will be displayed.

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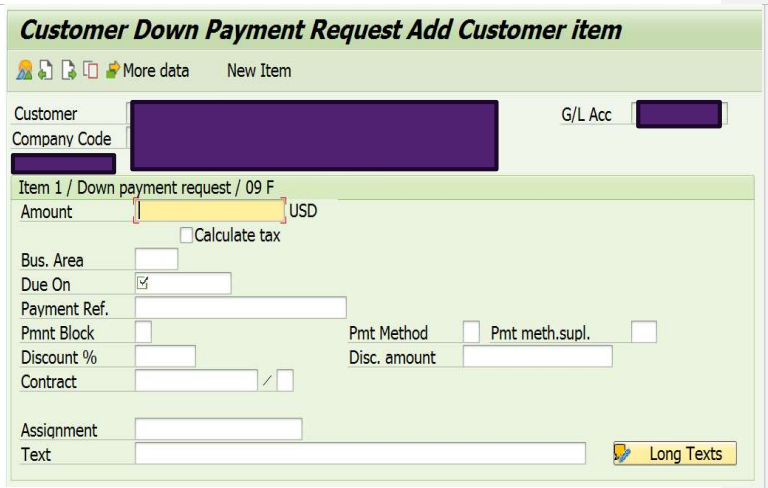

12. Enter the Necessary details

- In the Amount field, enter the ACH lump sum payment amount.
- In the Bus Area field, enter the business area associated with the customer
  - P P Business Area
  - PRM Parm Business Area
  - REPK Repack Business Area
  - SP SP Business Area
  - KNR KNR
- In the Due On field, enter the date that the ACH lump sum payment should be initiated.
  - This is the field that will trigger the payment date. If the payment is for a future date, enter the date that the payment should be initiated.
- In the Payment Ref field, enter a payment reference.
  - In this example, the reference entered was ACH and the scheduled date: ACH20170501.
  - If you are scheduling more than one payment, use this field to differentiate a reference for the multiple payments. For example, if you will be scheduling 2 different weekly payments for the same customer, enter ACH20170501 for the one on 5/1/17, and then ACH20170508 when entering the one on 5/8/17.
- In the Pmt Method field, refer 6. Incoming AR Direct Debit~~enter D.~~
- Uncheck any other payment method and change to I (Incoming AR Direct Debit) for NP and MP or change to D (P-Mo Incoming AR Direct Debit) for P and Parm.
- Change Payment Methods to D (P-Mo Incoming AR Direct Debit) for P

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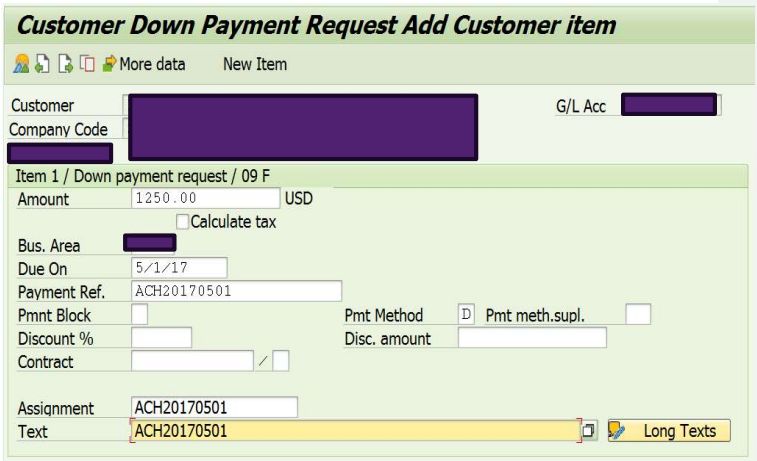
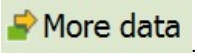
- Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for SP.
- Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for Kinr
- Change Payment Methods to E (P-Mo Incoming AR Direct Debit) for ParM.
-
- In the Assignment field, enter reference text for the payment. This field is optional.
    - In this example, the reference entered was ACH and the scheduled date: ACH20170501.
- In the Text field, enter reference text for the payment. This field is optional.
    - In this example, the reference entered was ACH and the scheduled date: ACH20170501.



Press the Enter key or click the Green Check Mark icon .

Click on the More Data icon 

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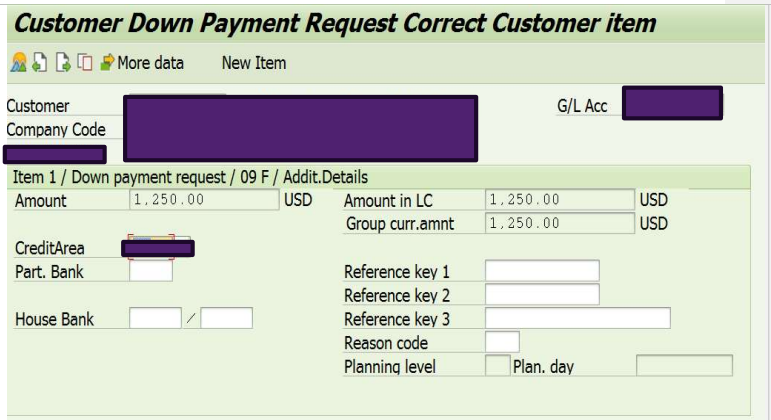
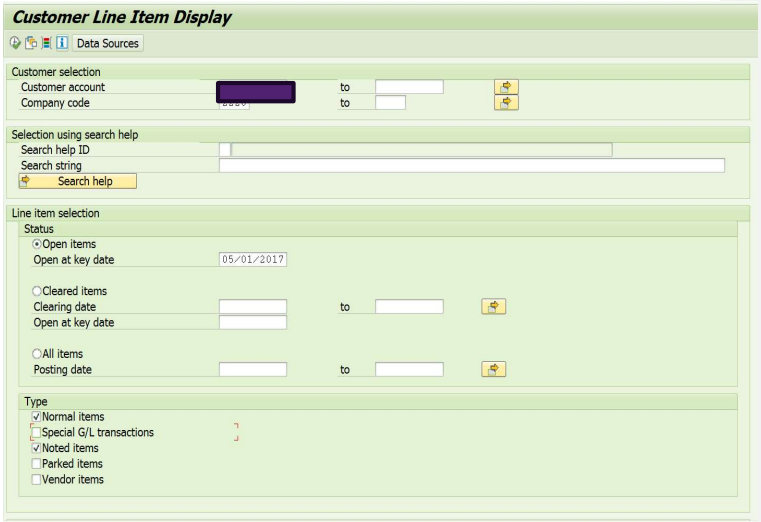
13. Customer Down Payment Request	The Customer Down Payment Request Correct Customer Item screen will be displayed	

Correct Customer Item screen	 In the Credit Area field, enter the credit are that corresponds with the Business Area entered on the prior screen. • P P Credit Control Area • BRKG BRKG Credit Control Area • KNR Knr Credit Control Area • PRM ParM Credit Control Area • SP SP Credit Control Area	
14. Saving the data	• Press the Post icon to save the entry. • The "Customer Down Payment Request: Header Data" screen will be displayed. The status bar will display a message that a document has been posted. Document 1400002905 was posted in company code 2220 • If you need to schedule multiple payments, go back and execute all the steps make sure to enter the correct dates and reference text in the appropriate fields.	
15. Open AR to post ACH LUMP SUM payment	After the ACH Lump Sum Payment has been initiated, the scheduled payment will appear on the customer AR account. A scheduled ACH lump sum payment will generate a debit amount that appears on the customer AR as a "noted item". This debit does not affect the customer AR balance and will not be reported on any AR reports or the online payment portal. The "noted item" will appear on the customer account until the ACH payment is processed and completed. Scheduled ACH lump sum payments can be viewed on the customer AR account	

using SAP transaction code FBL5N and selecting “noted items” in the Type section.

16. Steps to be followed in SAP (for ACH)

- Enter transaction Code FBL5N in SAP.
- The Customer Line Item Display screen will be displayed.



  - In the Customer Account field, enter the customer number.
  - In the Company Code field, enter the company code associated with the customer
  - In the Type section, select the check box for “Noted Items”.
    - The “Normal Items” option can be selected if desired, but it will cause all open AR items to be displayed.

- Click on the Execute icon .

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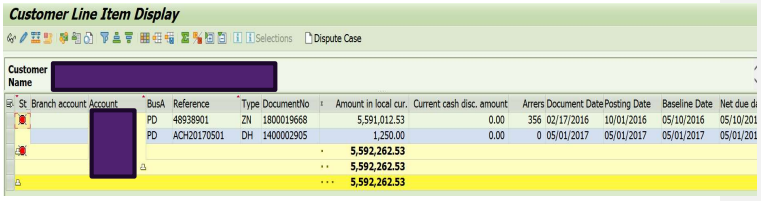
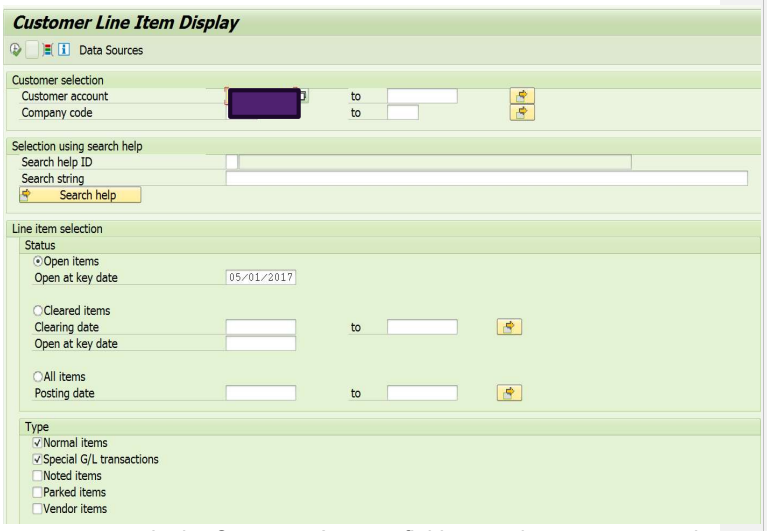
17. Customer Line Items Display screen	The Customer Line Items Display screen will be displayed.  • The “noted item” appears on the account as a payment document type but reflects as a debit amount. This is a temporary document that notes that a payment has been scheduled. • Although the “noted item” appears as on open AR item, it does not affect the open AR balance. It will not appear on customer statements or customer reporting. • The Document Date and Posting Date reflect the date that the payment request was entered. • The Net Due Date reflects the date that the payment will be initiated. • If the customer has multiple payments schedule, refer to the Net Due Date field for the scheduled payment date.	
18. Display posted ACH lump sum payment	Once an ACH lump sum payment has reached its scheduled date, the ACH payment will be initiated and will appear on the customer AR account as a credit amount, and the debit for the “noted item” will disappear. The ACH lump sum payments are considered special transactions, so they can only be viewed on the customer AR account via transaction code FBL5N when the “Special G/L Transactions” type is selected in the Type section. From an accounting perspective, the transactions reside on G/L account [redacted] (Accounts Receivable-Lumpsum) versus account [redacted] (Accounts Receivable-Trade).	

19. Customer Line Item Display screen

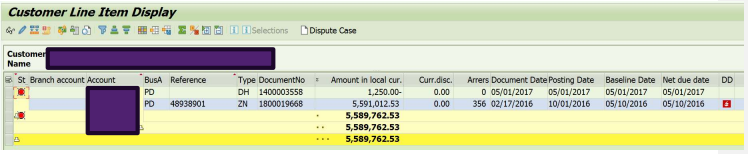
- Enter transaction Code FBL5N in SAP.
- The Customer Line Item Display screen will be displayed.



  - In the Customer Account field, enter the customer number
  - In the Company Code field, enter the company code associated with the customer
  - In the Type section, select the check box for "Special G/L Transactions

- Click on the Execute icon .

The Customer Line Items Display screen will be displayed.



- The payment appears on the account as a payment document type as a credit amount.
- The document date and posting date reflect the date that the payment was initiated.

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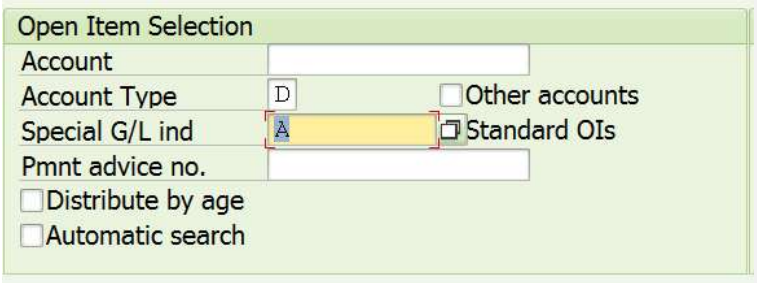
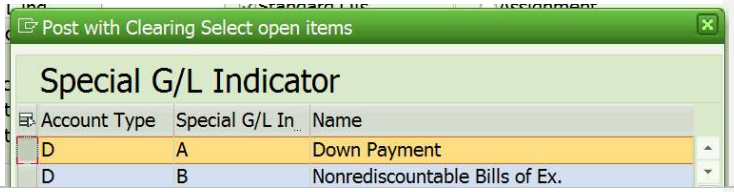
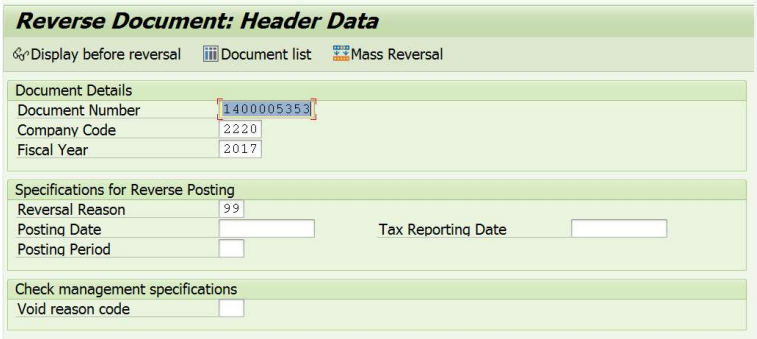
20. Application for ACH lump sum payment	The ACH lump sum payments are considered special G/L transactions, so they can only be utilized in cash application transactions when the "Special GL Indicator" for down payment is selected in the cash application transaction. When executing a cash application transaction (F-28, F-30, or F-32), the Open Item Selection section where the customer account is entered, also has a field for "Special G/L Ind".  Enter A in the field or use the match code button and select the value for special G/L indicator type "A" for "Down Payment". 
21. Cancellation of ACH LUMP SUM payment request	An ACH lump sum payment request that has been scheduled in SAP can be cancelled. The payment request must be cancelled by 4:30PM EST ~~7:30 pm EST~~ on the business day prior to the scheduled payment date. The payment request can be cancelled using the SAP transaction FB08
22. Steps for Cancellation	• Enter transaction Code FB08 in SAP • The Reverse Document: Header Date screen will be displayed



- In the Document Number field, enter the document number for the Noted Item that needs to be cancelled.
- In the Company Code field, enter the company code associated with the document number
- In the Fiscal Year field, enter the fiscal year associated with the document number
- In the Reversal Reason field, select the appropriate reason for the reversal. Use the match code button to see a list of all reasons. The primary reasons for cash application reversals are listed below
  - 96 - Cash Application - Data Entry Error
  - 97 - Cash Application - Application Error
  - 98 - Cash Application - Collection Error
  - 99 - Cash Application - Customer Error
- In the Posting Date file, enter the posting date for the reversal

23. Data entry view

Click on the Display Before Reversal button

to view the document to be reversed

- The Display Document: Data Entry View screen will be displayed.
- Confirm that the correct document is being reversed.
- Click on the Green Back Arrow icon to return to the Reverse Document: Header Data screen

24. Reverse the document	Click on the Post icon to reverse the document. The status will display a message that a document has been posted. Document 1400000656 was posted in company code 2220 Review the customer AR account via transaction FBL5N and select the "noted items" type to confirm that the scheduled payment has been cancelled. • You will no longer see the noted item that was reversed/cancelled.	
25. Write off tolerance limit	For all write off cases for Pharma & Medical segments tolerance limit would be $25.00 at invoice level. ~~Write off limit for DOD is $ 0.00~~	

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POLICY & CONTROL

3.1 Segregation of Duties – Documents and Risks

Process step	Activity Code	SOD Description
NA	NA	NA
NA	NA	NA
NA	NA	NA

3.2 SOX Controls

Control No. per RACF	Control Description	Risk
NA	NA	NA

3.3 Operational Controls

Control No. per RACF	Control Description	Risk
NA	NA	NA

3.4 Process Risk & Mitigation

Risk and Issues Log			
Reference	**Risks – What Could Go Wrong?**	**Implication**	**Control No. per RACF**
NA	NA	NA	NA

3.5 Policies

Policy Name	File Location/ Pathname
NA	NA

PROCESS CADENCE

4.1 Activity Calendar

Activity ID:	**Process Description (Activity)**	**Activity Objective**	**Frequency**	**Workday Due**
1	Direct Debit	Debiting the customer account.	Daily	NA

4.2 References

Process reference documents like forms, templates, checklists can be embedded here

Name/Description of the appendix item	Artifact/Link of the document	Related SOP Activity ID

NA	NA	NA

PROCESS CONTACT INFORMATION

5.1 Issues/ Query related to process or applications/systems

System/Application/Process	Contact Name	Contact Details
SAP	NA	NA

5.2 Capture escalation contact point for BPO partner Operations team and Genpact

Escalations	Contact Name	Contact Details
Process Escalation	[redacted]	
Process Escalation		

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5.3 Key Contact Details

Contact Name	Role	Contact Details
[redacted]		

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Approval E-mail

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