



CLAIMS & RETURNS

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The webinar will begin shortly... Thank you for attending!



CLAIMS & RETURNS

AGENDA

- Basic workflow
- Set up claims module
- Add/create a claim
- Settle & Process a Claim
- Claim Reports
- Special situations



CLAIMS – BUT WHY?

- Comprehensive tracking tool
- Maintain control
 - Material replacement process to satisfy the end customer
 - Credit process

Vocabulary Alert!

Settled = Paid
Processed = Job Costed



CLAIMS WORKFLOW

- Establish a customer claim
- Establish responsible party & initiate collection of monies due
- Procure and receive replacement inventory
- Produce installer work orders for reinstallation of materials
- Track returned merchandise and analyze trends by installer, product category, vendor, etc.

CLAIMS SETUP



- Add Standard Account Codes (Accounting>File>GL>Standard Account Codes)
 - Mill Claims Due – Current Asset: DEBIT when processed (job costed) and CREDIT when settled (paid)
 - Claims in Process – Sales Income or Misc. Income: Credit when processed (job costed)
 - Cost of Claims – Cost of Sales or Misc. Expense: Debit when processed (job costed)

The screenshot shows a window titled "Standard Account Codes" with a grid of input fields for various account codes. The fields are organized into three columns. The "Mill Claims Due" field (code 1260) is highlighted with a red box and a red callout bubble containing the number "1". The "Claims In Process" (code 4850) and "Cost Of Claims" (code 5900) fields are also highlighted with red boxes. A "Done" button is visible at the bottom right.

Account Name	Code	Action
Accounts Receivable	1200	[...]
Inventory	1400	[...]
Money Market (Savings)	1100	[...]
Checking	1010	[...]
Mill Claims Due	1260	[...]
Accounts Payable	2000	[...]
Sales Tax Payable	2050	[...]
Federal Withholding	2200	[...]
Local Withholding	2260	[...]
Misc. Payroll W/H	2280	[...]
Customer Deposits	2500	[...]
Sales	4000	[...]
Payments To Customer	4900	[...]
Sales Tax Expense	4500	[...]
Cost of Materials	5000	[...]
Freight	5300	[...]
Earned Discounts	5600	[...]
Insurance	6800	[...]
Payroll Taxes	7200	[...]
Interest Income	8000	[...]
Finance Charges	8010	[...]
Claims In Process	4850	[...]
Cost Of Claims	5900	[...]
Inv. In Uncosted	1410	[...]
Acc. Inv. For Costing	2600	[...]
WIP Material	1420	[...]
WIP % Billing Material	1430	[...]
Cost Of Mat. % Billing	5110	[...]
WIP Labor	1440	[...]
Cost Of Labor % Billing	1450	[...]
Acc. Labor	2610	[...]
Acc. % Billing Labor	2630	[...]
A/R Unbilled	1240	[...]
Cost Of Labor	5100	[...]
Receipts Not Deposited	1250	[...]
Labor Suspense	2620	[...]
Inter-Store Transfers	1490	[...]



- Create a receipt file for mill credit payments – Label “For accounting use only” or “Claims” (Order Entry > Utilities > Set Up > Receipt Config)

The screenshot displays two windows from the RFMS software. The background window is titled 'Browse Receipt Configuration' and shows a table of receipt configurations. The foreground window is titled 'Adding a Receipt Configuration' and shows the configuration details for a new receipt.

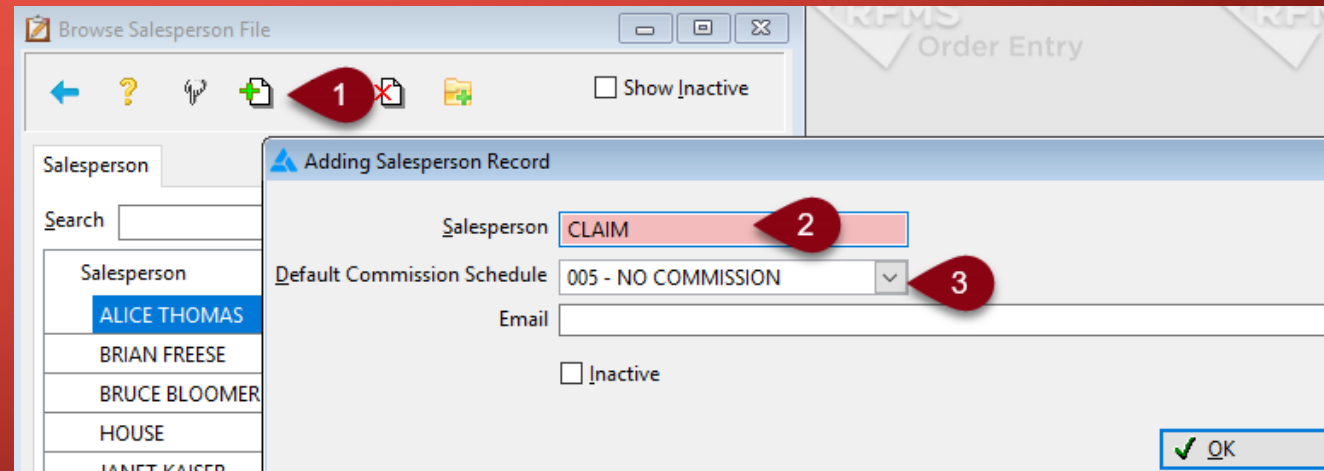
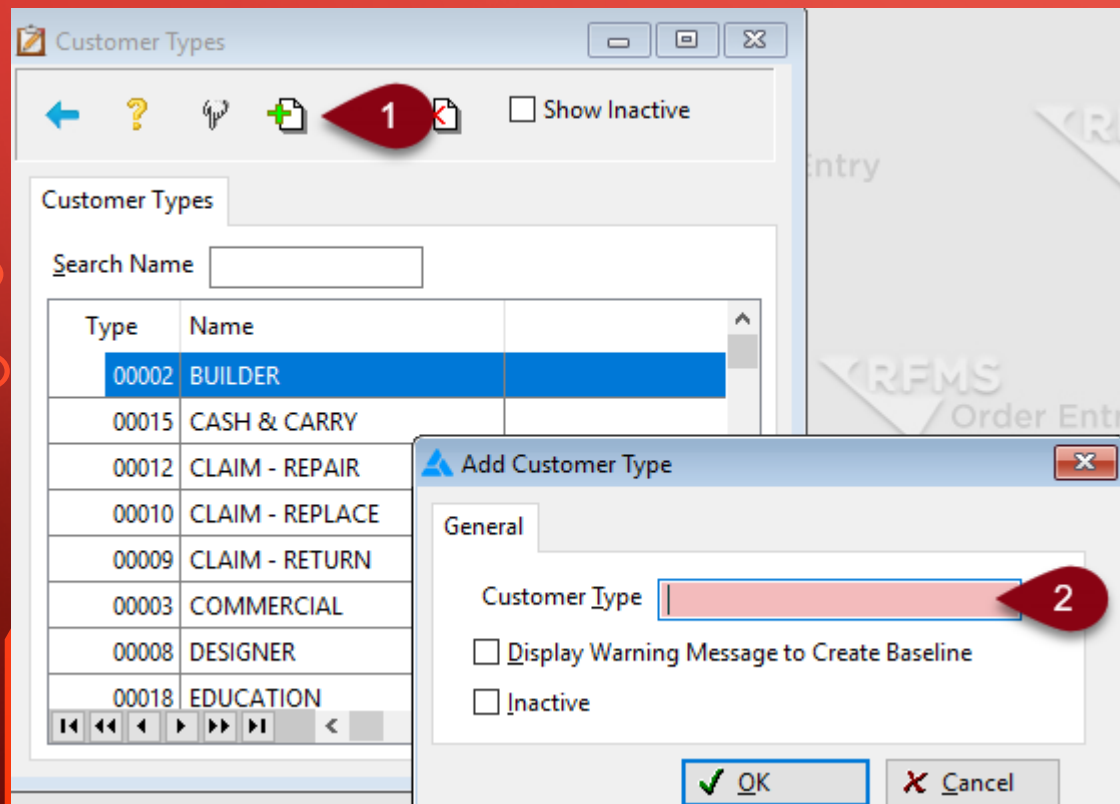
Sequence	Default Store	Description	Last Receipt
001	" "	CASH & CHECKS	10
002	"1"	VISA-MC-DISCOVER	3
003	[none]	AMERICAN EXPRESS	6
004	[none]	FINANCE	0
005	"1"	TEST BEG AR	0

The 'Adding a Receipt Configuration' dialog box contains the following fields:

- Sequence: 006
- Set Default Store
- Default Store: 1 F8
- Description: CLAIMS
- Last Receipt: 0
- InActive
- Payment Type: Any, Cash, Credit



- Create customer types & salesperson for claims
 - Customer types: Claims – Return, Claims – Replacement, Claims – Repair
 - Order Entry > Utilities > Set Up > Customer Type
 - Salesperson: Claim
 - Order Entry > Utilities > Set Up > Sales Reps



CREATING A CLAIM



WHERE IS THE MATERIAL?

- Material has NOT been installed & is currently in the warehouse - create a claim and pull that material from inventory
- Material has already been installed - return it to inventory on the original order first so that it can be pulled into the Claim for processing to the Supplier.
- If your order has been job costed, create a new order for the customer to return the material
 - Create Billing Group for both original and replacement orders for tracking purposes.

CAN'T I JUST DELETE THE LINE?



- For proper tracking, you should NEVER delete a line from the original order. Rather, return the line to inventory, much the same way you sell material from inventory – then it can be pull FROM inventory onto the claim for processing.

The screenshot shows a software window titled "Adding Customer Order Line - Invoice CG700037". The window contains several input fields and a right-hand panel. Five red callout boxes with white numbers 1 through 5 point to specific elements:

- 1** points to the "Order Line Assignment" panel on the right, which contains buttons for "Roll Inventory - [Ctrl-R]", "Item Inventory - [Ctrl-I]", "Roll Products - [Ctrl-P]", "Item Products - [Ctrl-D]", "Services - [Ctrl-S]", and "Unreferenced - [Ctrl-U]".
- 2** points to the "Roll Number" field, which contains the value "HW34842U".
- 3** points to the "Bill Length" field, which contains the value "-26.00".
- 4** points to the "Bill Price" field, which contains the value "0.00".
- 5** points to the "Status" dropdown menu, which is currently set to "Cut".

Other visible fields include "Line Number" (0007), "Product Code" (01 CARPET), "Style" (ABODE), "Color" (SOFT TAUPE), "Unit" (SY), "Width" (12.00), "Std Length" (131.00 LF), "Roll Min." (100.00 LF), "Ship Length" (-26.00), "Ship Quantity" (-34.67), "Ship Price" (0.00), and "Ship % of Bill" (100.0000%). A note next to the "Roll Number" field states: "[F8] has been replaced by selecting source from buttons on the right." The "Group" field at the bottom shows a red box with "F8" and "CARPET". At the bottom of the window are buttons for "Notes", "Available", "Reference Line", "OK", and "Cancel".



CREATING A CLAIM

Order Entry > File > Claims

- Very similar design to Order Entry
- First selection is the CLAIM FOR (ship to in Customer orders) – select the original order to associate with claim.

Claims

Customer Orders

Search FRANCO

Store	Order No	Delivered	Customer Name
1	CG700037		FRANCO, GEORGE
1	CG700038		FRANCO, GEORGE

Claim

Search FRANCO

Populate "Claim For" from Order

Sold To Ship To

CREATING A CLAIM



- Second selection is the CLAIM AGAINST (sold to) – select the appropriate responsible party

Claim

Claim # F8 Store F8 Claim Date F8 Tele #1

Claim Against	Claim For
<div style="background-color: #f0f0f0; height: 100px;"></div>	FRANCO, GEORGE 174-8925 ARCU. AVE BEAR, DE 97558

Sales Rep #1

Sales Rep #2

Time Slot

Tax Status

PO Number

Status

Claim O...
Customer I...
Occur...

Se... — □ ×

Customer List

Vendor List

5 (points to Claim Against header)

6 (points to Customer List option)

CREATING A CLAIM



- Adding Lines - Capture all expenses associated with the claim by adding lines, this includes all services to complete repair, replacement, administrative fees, disposal fees, etc. A vendor's restocking fee would be added as a negative line item; set up a service line to utilize for restock fees.

The screenshot shows a software window titled "Adding Claim Line - Claim CL800004". The window contains several input fields and a right-hand panel. Red callout boxes with numbers 1 through 4 point to specific elements:

- 1** points to the **Price** field, which contains the value 6.96.
- 2** points to the **Status** dropdown menu, which is currently set to "Reserved".
- 3** points to the **OK** button at the bottom right of the window.
- 4** points to the **Notes** button at the bottom left of the window.

The main form fields include:

- Line Number:** 0001
- Product Code:** 01 CARPET
- Roll Number:** HW34842U (Note: [F8] has been replaced by selecting source from buttons on the right.)
- Style:** ABODE
- Color:** SOFT TAUPE
- Unit:** SY (Roll Inventory)
- Width:** 12.00 (Std Length: 131.00 LF, Roll Min.: 100.00 LF)
- Length:** 26.00
- Quantity:** 34.67
- Price:** 6.96
- Total:** 241.30
- Status:** Reserved
- Group:** F8 CARPET

The **Order Line Assignment** panel on the right contains the following buttons:

- Roll Inventory - [Ctrl-R]
- Item Inventory - [Ctrl-I]
- Roll Products - [Ctrl-P]
- Item Products - [Ctrl-D]
- Services - [Ctrl-S]
- Unreferenced - [Ctrl-U]

At the bottom of the window, there are buttons for **Notes**, **Availability**, **Reference Line**, **OK**, and **Cancel**.

CREATING A CLAIM



REFERENCE LINE

- Use the reference line to pull original material information into the claim.
- The information will populate into the notes from the order on the line.

Select referenced Order Line

Original Order CG700037

Store	Order No	Ordered	Delivered	Job Name	Invoice Total
1*	CG700037			FRANCO, GEORGE	2,632.92

Lines for Highlighted Order CG700037

Line No	PC	Roll/Item No	Style/Item	Color/Description	Area	Width	L
0001	01	GM86155K	ABODE	SOFT TAUPE		12.00	
0002	03	PV67A	COMFORT PREFERRED - PA	716		0"	
0003	65	2109	BERBER CARPET INSTALL			-----	----
0004	65	8138	TAKE UP/HAUL			-----	----
0005	01	HW34842U	ABODE	SOFT TAUPE		12.00	
0006	01	AO87384S	ABODE	SOFT TAUPE		12.00	

Customer Order Line Notes for Invoice: CL800004, Line 0001

Courier New 9 Western

Reference Order: CG700037
Delivered Date:
Order Line: 5
Supplier: SHAW INDUSTRIES INC
Roll Number: HW34842U
Style: ABODE
Color: SOFT TAUPE
Dye Lot: 13795
Id #:
A/P Invoice Number: BEGINV
A/P Invoice Date: 01/15/17



CREATING A CLAIM



- INITIATE CLAIM W/Vendor
 - Contact Vendor or initiate claim on vendors website
 - Add Vendor's Claim # to PO Field
 - Use Internal Notes & Attachments to Document EVERYTHING. Calls, instructions, photo's of damaged product, emails, texts from sales rep, signed picking tickets, etc.
 - Generate a copy of claim & submit to vendor



CLAIM APPROVED BY VENDOR

- Return Materials

- Return authorization (RA's) – document all details in the internal notes / attachments. (RA#, shipping instructions, other details)
- Copy & Paste the details to Picking Ticket instructions so warehouse can prep per direction given
- When material picked up, shipper must sign any documents provided by the vendor AND the picking ticket to show material was picked up



BEST BUSINESS PRACTICE

All materials brought from a jobsite for a return as well as any new materials purchased for a claim should be marked with a special bin location in RFMS. This allows for quick inventory reconciliation, locating of claims materials, and prevents staff from selling materials earmarked for a claim.



CLAIM APPROVED BY VENDOR

- Replacement of Defective Materials
 - Purchase Replacement Material
 - Change material line status to Gen PO
 - Purchasing should notify vendor this is a replacement & PO should be REPLACEMENT/JOB NAME
 - Receive and Inspect Replacement Material
 - When reordered material arrives, INSPECT UPON DELIVERY to ensure same defect is not present
 - Claim material should be stored separately from other material to avoid confusion
 - Put A/P Invoice on Hold
 - Copy of PO, signed picking ticket, and any other shipping docs should be provided to A/P, mark all paperwork with CLAIM & invoice should be placed on hold until credit memo is received.



- Schedule Job
 - Complete as normal
- Print Picking Ticket & Create Work Order
 - If you are returning defective materials, this *MUST* be on a picking ticket and work order, so Warehouse & Installer all know the required materials that must be returned for credit.
- Post Provider Records
 - Complete as normal



Pro Tip:
Never discard of material until
AFTER the credit memo has been
received!



- Settle the Claim (Post Mill Credit)
 - Post vendor credit memo to claim the same way you post a customer payment.
 - Payment Date: Date of Credit Memo
 - Reference Number: Credit Memo Number
 - Receipt Register: Claims Receipt File
 - Post Credit \$\$ as a discount (only option)
 - An A/P record is automatically created (similar to inventory costing routine).
 - Journal Entry (Standard & ERRM Accounting)
 - Debit Claims in Process, Credit Mill Claims Due
 - Journal Entry for A/P creation
 - Debit AP, Credit Cost of Claims

Customer Payment

Customer: MOHAWK FACTORING
Invoice: CL700002
Store: "1" - OWNERS CONFERENCE

Due: 6,619.86
Payment: 6,619.86
Balance: 0.00

VISA
Swipe Credit Card

Payment Date: 03/31/19 F8
Reference:
Expiration:
Register: 006 - ACCOUNTING USE ONLY (Store: "1") 1
Merchant Code: RIFY ... *** Default Merchant ***
 Voice Authorization Approval Code:
Total Paid: \$0.00

Check	0.00	E	D	Total Paid	\$0.00
Cash	0.00	E	D	Tendered	0.00
Card	0.00	E	D	Change Due	0.00
Discount	6,619.86	E	D		

Discount Account: 4850 F8 00 F8 3
CLAIMS IN PROCESS*

Comments: CM2548754 4

Clear OK Cancel



- Processing the Claim (Job Costing)

- Once final installation is complete and credit is received & posted, claim can be processed
- Journal Postings are (Standard Accounting)
 - DEBIT: Mill Claims Due, CREDIT: Claims in Process
 - DEBIT: Cost of Claims, CREDIT: Inventory
- Journal Postings are (ERRM Accounting)
 - Delivery Ticket: Debit WIP Material, Credit Inventory
 - Bill Claim: Debit Mill Claims Due, Credit AR Unbilled
 - Book Claim: Debit Cost of Claims, Credit WIP Material & WIP Labor (Debited when provider record added)
 - Book Claim: Debit AR Unbilled, Credit Claims in Process

CLAIMS REPORTS



Claims Report

- Accounting>File>Claims Aging
- Tracks trends by supplier, installer, date range, customer, or customer type

The screenshot shows a software window titled "Claims Report". It contains several sections for configuring the report:

- Begin Date:** 03/01/19 (F8)
- End Date:** 03/31/19 (F8)
- Claim Against From:** (Empty field) (F8)
- Claim Against To:** (Empty field) (F8)
- Report Type:** Radio buttons for Written, Delivered, Both (selected), and Undelivered.
- Sort By:** Radio buttons for Customer Type / Invoice Number, Invoice Number, Job Num/TB / Invoice Number, Salesperson / Invoice Number, Salesperson / Customer Type, Salesperson / Job Num/TB, Claim Against (selected), Ship To Name, and Ship To Addr1.
- Stores:** A list box containing "1" and a "Combine" checkbox.
- Sales People:** A list box containing names: ALICE THOMAS, BRIAN FREESE, BRUCE BLOOMER, CLAIMS, HOUSE, JANET KAISER, JENNIFER KING, JERRY RICE, JOE MONTANA, JOEY DENSON, KERRI IRELAND, and KIM DELOZIER.
- Customer Types:** A list box containing: BUILDER, CASH & CARRY, CLAIM - REPAIR, CLAIM - REPLACE, CLAIM - RETURN, COMMERCIAL, DESIGNER, EDUCATION, GOVERNMENT, HEALTHCARE, HOSPITALITY, and INSTALLER.
- Print Options:** Checkboxes for Print Preview (checked), Include Voided Claims, Include Claim For Information, Output CSV To: RFMSCSV.CSV, Include Ship To Information, Include Notes, and Break on Salesperson.

At the bottom right, there are "Print" and "Exit" buttons.

CLAIMS REPORTS



- Job Cost Analysis Report
 - Can see profit analysis of claims
 - Compare profit trends on claims to standard sales

The screenshot shows a software dialog box titled "Job Cost Analysis Parameters". It contains several groups of controls:

- Date Selection:** "Begin Date" is set to 01/01/80 and "End Date" is set to 12/31/79, both with "F8" buttons.
- Report Type:** Radio buttons for "Summary", "Detail" (selected), and "Compare Summary".
- Detail Level:** Radio buttons for "Extended" (selected) and "Abbreviated".
- Inclusions:** Checkboxes for "Include Ship To" and "Include Unjobcosted".
- Costing Method:** Radio buttons for "Job Cost Only" (selected), "Adjustments Only", and "Both".
- Claims Handling:** Radio buttons for "Exclude Claims", "Include Claims", and "Claims Only" (selected). This group is highlighted with a red box.
- Billing Options:** Radio buttons for "Include Percent/Partial Billed" (selected), "Exclude Percent/Partial Billed", and "Percent/Partial Billed Only".

CLAIMS REPORTS



- Material Analysis Report

- Sorted by Job Type and claims

- Create Mailing labels that can be used to send out customer satisfaction surveys after repairs are completed

The screenshot shows the 'Materials Analysis - Prints on 8.5 x 14 Paper (Legal)' window. At the top, there are several radio button options for 'Sort Order', with 'Supplier/Style' selected. Below this is a 'Line Status' section with checkboxes for 'None', 'Cut', 'Delivered', 'Job Costed', 'On Order', 'Gen PO', 'Reserved', 'Billing', 'Staged', 'Uncosted Inventory Only', 'Requested', and 'In-Transit'. The main area is divided into 'Framing Parameters' and 'ERRM' tabs. Under 'Framing Parameters', there are three dropdown menus: 'PC' (listing items like CARPET, VINYL, etc.), 'Sales People' (listing names like BRIAN FREESE, etc.), and 'Customer Types' (listing types like BUILDER, CASH & CARRY, etc.). Below these are 'Stores' and 'Fiber' dropdowns. The bottom section contains various input fields for 'Supplier', 'Qty From', 'Customer From', 'Job Num/TB', etc., along with date and quantity filters. A 'Print Preview' section is visible on the right, with the 'Include Claims' checkbox highlighted by a red box. At the bottom, there are 'Clear', 'Save', 'Load', 'Printer...', 'Print', and 'Exit' buttons.



SPECIAL SITUATIONS

Restocking Fee

- Create service line “Restocking Fee”. Use as a discount line to reduce the claim amount.
- For example, 15% restock fee for a cost of \$100 = <15.00> line total

The screenshot shows a software window titled "Adding Claim Line - Claim CL900001". The window contains several input fields and a list of buttons on the right side.

Input Fields:

- Line Number: 0001
- Product Code: 77 ** UNDEFINED **
- Svc. No.: [Empty]
- Svc. Desc.: VENDOR RESTOCK FEE
- N/A: [Empty]
- Id #: [Empty]
- Unit: EA Services
- Width: 0.00
- Length: 0.00
- Quantity: 100.00
- Price: -0.15
- Total: -15.00
- Status: None
- Group: F8

Order Line Assignment Buttons:

- Roll Inventory - [Ctrl-R]
- Item Inventory - [Ctrl-I]
- Roll Products - [Ctrl-P]
- Item Products - [Ctrl-D]
- Services - [Ctrl-S]
- Unreferenced - [Ctrl-U]

Cost: 0.00000

Footer Buttons: Notes, Available, Reference Line, OK, Cancel

[F8] has been replaced by selecting source from buttons on the right.

SPECIAL SITUATIONS



What if the Credit Memo Amount Differs from the Claim or is Rejected Altogether?

Multiple Options – will affect how these appear on financials.

Option One: Post credit memo as received, and leave balance on the claim. Post a second payment, and void resulting payable. This will result in Cost of Claims not receiving a “wash” credit for the portion the mill denied and accordingly, this portion of the claim will have the financial effect of an expense.

Option Two: Post “fake” credit memo for balance of claim, and edit the AP amount to zero. Insert additional line on bottom portion of AP & select an account such as “Loss on Claims” or “Claims Write Off”. (Misc Expense GL Account, COGS account, Expense – consult your CPA). This will create a zero AP record that should be selected on next check run to clear the AP record.

Option Three: Edit the claim to the same cost as the credit memo using a discount/service line to reduce balance to match amount paid. You must do this prior to processing (job costing). This will reduce Mill Claims Due to amount paid and loss amount will stay in Cost of Claims.



SPECIAL SITUATIONS

Payment in lieu of credit memo – check received instead of CM

- Settle claim as normal
- After claim complete & AP is posted, go back and void the AP.
- Post check through banking – deposit for Income Other Than Ssales
- Allocate to Cost of Claims GL Account
- If this payment is going to be passed to final customer, create an A/P, payable to the customer, and code to Cost of Claims, and print check.

TODAY WE HAVE DISCUSSED: CLAIMS



How to:

Return material to a job & create a claim

Run various reports to analyze claims

Deal with special claim circumstances

**Internal Notes & Attachments are
MISSION CRITICAL when dealing
with CLAIMS!**

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The background is a solid dark red color. In the four corners, there are decorative elements consisting of thin, light red lines that resemble a circuit board or a network diagram. These lines connect to small, hollow circles, creating a sense of connectivity and technology. The lines are more prominent in the corners and fade slightly towards the center.

THANK YOU FOR ATTENDING TODAY!