Process a Supplier Refund

There are times when a supplier refunds a payment or overpayment. Typically, the supplier sends a refund check to the agency. In order to record the refund, agency staff need to use both the Accounts Receivable and Accounts Payable modules.

This guide summarizes the steps to process a refund payment from a supplier. Use this procedure to process a full or partial refund. Use Account 498999 for both Accounts Receivable and Accounts Payable. If the Account used in the original voucher is 1099 reportable, the journal voucher will fix any 1099 implications from the Account.

For guidance on entering deposits or creating journal vouchers, refer to the specific Quick Reference Guides found on Minnesota Management and Budget’s website: https://mn.gov/mmb/. Look under Accounting, SWIFT, Training & Support, Training Guides and Resources.

Steps to complete

- Step 1: Enter a direct journal deposit in the Accounts Receivable module
- Step 2: Create and process a journal voucher in the Accounts Payable module

Steps to Process a Supplier Refund

Step 1: Enter a direct journal deposit in the Accounts Receivable module

1. To make a Direct Journal Payment deposit, you’ll need the following information from the original voucher:
   - Fund Code
   - Financial Department ID
   - Appropriation Code
   - Budget Date
   - Project or other ChartFields from the original voucher as needed.

2. From the Account Receivables module, enter a direct journal deposit as you normally would using the Regular Deposit page and include the supplier’s payment information.

3. Create the accounting entries for a Direct Journal Payment deposit. Use the original funding string, except the Account field, from the State’s payment to the supplier. It is important to enter “498999” (Reverse 1099 Expenditure) in the Account field. Use the current budget date.
4. Verify that the direct journal deposit is “Complete.”

Step 2: Create and process a journal voucher

1. Navigate to the Voucher Regular Entry page.

<table>
<thead>
<tr>
<th>Navigation Option</th>
<th>Navigation Path</th>
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<tbody>
<tr>
<td>Navigation Collection</td>
<td>Accounting, Accounts Payable, Vouchers. The Voucher Regular Entry page will display by default.</td>
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2. On the Add a New Value tab, enter the following values:
   a. Confirm or enter the Business Unit number in the Business Unit field.
b. IMPORTANT! In the Voucher Style field, select the “Journal Voucher” option from the drop-down list.

3. SWIFT opens the Vouchers page. In the Invoice Information section, enter the following information on the header. The Voucher Style should be “Journal Voucher.” If not, start over.
   a. Enter the Supplier ID.
   b. In the Related Voucher field, enter the Voucher ID of the original voucher.
   c. Enter the rest of the required fields on the header.

4. Update the current line in the Invoice Lines section.
   a. In the Line Amount field, enter a negative amount to reflect the amount of the refund.
   b. In the Description field, enter a description of the journal voucher to explain what is being corrected from the original voucher (e.g., Refund payment).
   c. In the Distribution Lines section, fill out the following ChartFields to exactly match the funding string from the original voucher including the original Account.
   d. Make sure to add Project or other ChartFields from the original voucher as needed.
   e. Use the original Budget Date on this line.
5. On the Invoice Lines section, use the “+” icon, add a new row to correspond to the refund information.
   a. In the Line Amount field, enter a **positive amount** to reflect the refund amount.
   b. In the Description field, enter a description of the journal voucher to explain what is being corrected from the original voucher (e.g., Correct Account for Refund).
   c. Fill out the following ChartFields identical to the funding string from the original voucher, except the Account.

**IMPORTANT:** Always enter **Account 498999** for on the line with the positive amount for a journal voucher for refunding a payment.
   d. Use current date in the Budget Date field for this line.

6. Continue processing the journal voucher as required. The Invoice Total on the header should be “0.00.”