Financial Edge Credit Card Management

Patch 14 for **Financial Edge 7.87** includes new credit card functionality that allows you to better manage your organization's credit card activity.

With this new functionality, you can now:

- Track and manage your credit card charges and payments
- View credit card activity on the credit card account record and register

NOTE: This credit card functionality does not include any credit card processing.

Important Considerations

Before you run the **Financial Edge** patch, please consider the following:

➢ Before you can begin recording credit card payments, there is some setup required. You should carefully consider how the billing is currently handled by the vendor linked to the credit card. For a detailed example, see Credit Card Setup Considerations.

➢ When setting up the credit card account, you are asked to specify the **GL liability account** to use. You must decide if you want to use a liability account for each credit card, or if you want one account for all credit cards. For more information, see GL Liability Account Example.

➢ If you are currently using a workaround in *Banks* or *Journal entry* to track and manage credit card payments, we recommend you pay off the card balances, and begin using the new credit card functionality after the month-end or year-end close.

➢ Credit card accounts use the same security as bank accounts, including account record specific security.

➢ Credit card activity will show as an option for all Bank reports, and you can use GL accounts to filter on credit card accounts.

➢ You cannot void an invoice payment made by a credit card. You must delete the invoice, which will delete the payment.

➢ At this time, credit card functionality does not support recurring invoices, *WebPortal*, *FAST!*, Global Change, Import/Export, or Query.

Recommended Steps

Before you can begin tracking credit card charges and payments, you must create a credit card account, as well as a vendor to receive the payments. To ensure you set up the new credit card functionality properly, we recommend you do the following:

☑ Review this document and all the available resources before you get started, especially if you are currently using a workaround to track and manage credit card payments. This will ensure a smooth transition to the new functionality.

☑ Set up the credit card vendor. You must have a vendor set up to receive the credit card payments. For additional information, see Set up Credit Card Vendor.

☑ Set up credit card account. This includes linking to the vendor who will receive the payment and setting up the GL liability account. For more information, see Set up Credit Card Account.

☑ Set up additional credit cards, if necessary. For more information, see Additional Credit Cards.

Set up Credit Card Vendor

A vendor is required to receive credit card payments. When you create the vendor, you can specify the account to use when making credit card payments. You can also view all the credit cards associated the vendor on the new Credit Cards tab.

The vendor is the organization you remit payment to, for example, Chase Manhattan Bank. For more information, see Credit Card Setup Considerations.

1. Enter the information on the Vendor tab, including the default payment information, like the **Payment method**, **Payment options** and **Account to use** fields.

2. Once you have saved the new vendor, you are on your way to making credit card payments. You next step will be to set up the credit card account.

NOTE: Keep in mind, the vendor record now displays all the credit card accounts linked to the vendor on the **Credit Cards** tab. You can create a new credit card account for the vendor from this tab as well.
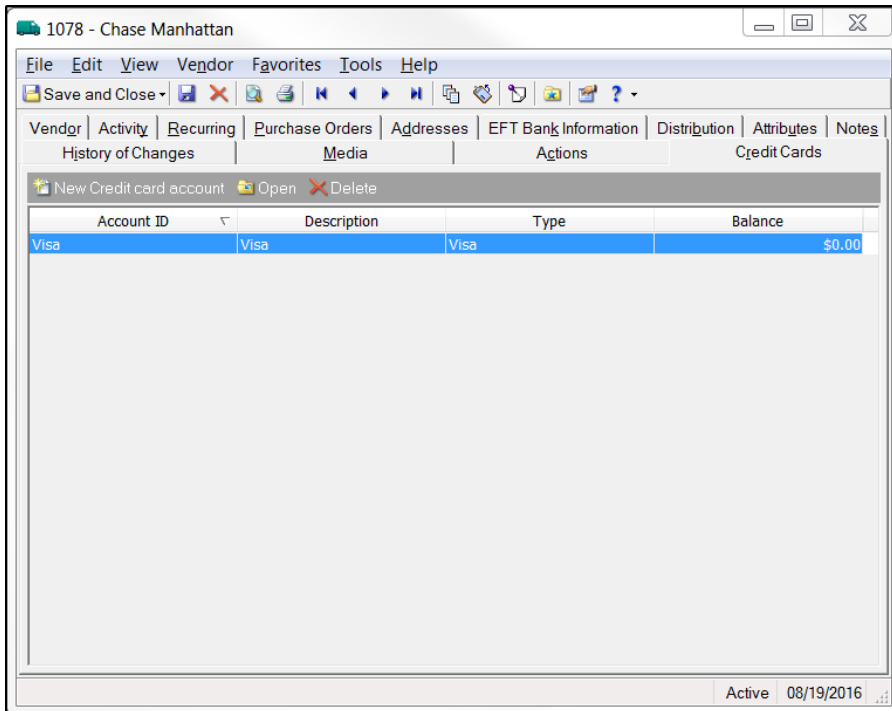
Set up Credit Card Account

A credit card account record is very similar to a bank account record. However, for credit card accounts, you will select "Credit Card" as the **Account type**, and you must also link to the vendor who will receive the payment, as well as specifying the GL liability account.

1. You can set up the credit card account directly from vendor record on the Credit Cards tab. You can also add a new credit card from *Banks*, when you select **New credit card account**.

2. Enter the **Account**, **Bank name** and **Account ID** fields.
3. Select the **Credit card type**. If the drop-down menu does not contain the credit card type you need, you can add a new type in *Configuration*. To add new credit card type, go to Accounts Payable, Configuration, Tables, Credit Card Type.
4. Enter the **Account status**. Your choices are "Open" and "Closed."
5. Specify the credit limit for the credit card.
6. In the **Vendor name** field, select the vendor who will receive the credit card payment.
7. Enter the **GL liability** account. When you assign a liability account to a credit card, you must decide if you want a liability account for each credit card, or if you want one account for all credit cards. For more information, see GL Liability Account Example.
8. From the Credit Cards tab, you can add additional credit cards to this account. For more information, see Additional Credit Cards.
9. The Adjustment Categories tab displays all saved adjustment categories. You can open a saved category to make changes, delete an adjustment category, or copy an existing category to create a new one based on its settings.

NOTE: Adjustment categories are required when you create an adjustment from the credit card register.

Additional Credit Cards

Some organizations have multiple credit cards that roll up to one main account. For example, corporate credit cards often have numerous individual cards, or subsidiary cards, all reported on the same credit card statement.

You can add additional cards and the card holders on the Credit Cards tab of the Credit Card Account record.

1. Select the Credit Cards tab of the Credit Card Account record.
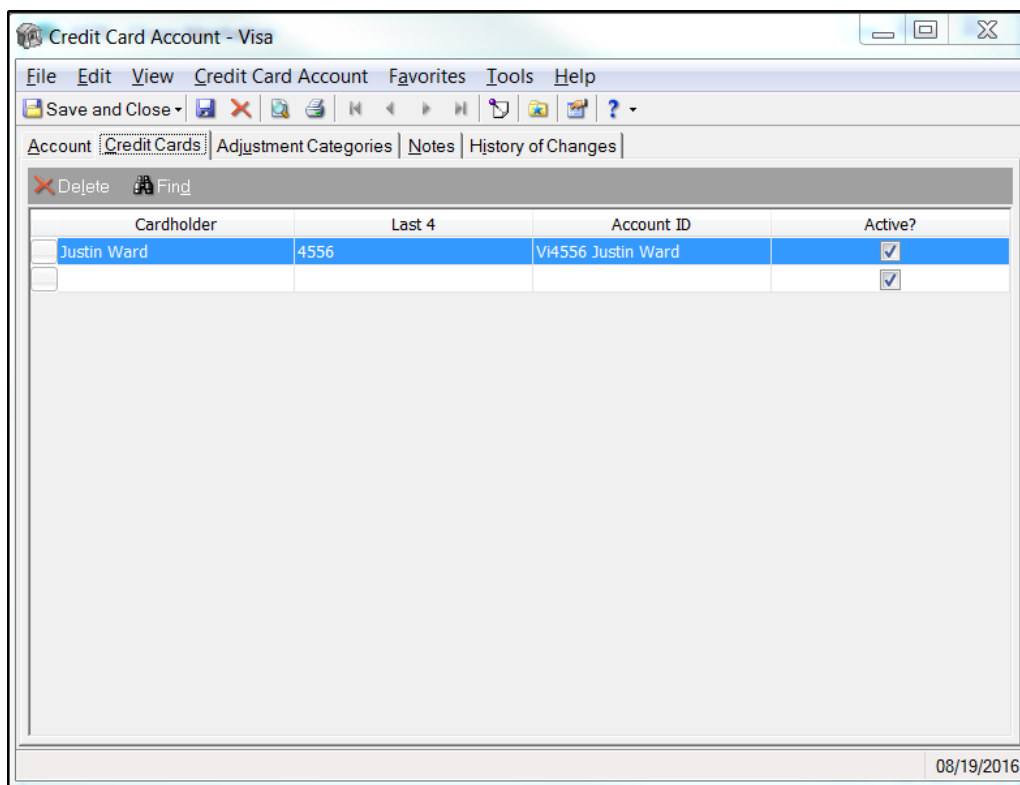
2. Enter each cardholder and the last four digits of the credit card they use.
3. If the card is currently in use, mark **Active**.
4. The Adjustment Categories tab displays all saved adjustment categories. You can open a saved category to make changes, delete an adjustment category, or copy an existing category to create a new one based on its settings.

NOTE: Adjustment categories are required when you create an adjustment from the credit card register.

Record Credit Card Charges and Pay Off Statement

Before you can pay off a credit card statement, you must acknowledge credit card charges by creating an invoice.

Note: Discount and 1099 information is not applicable when the payment method is credit card.

Keep in mind, when you save a credit card invoice, the status changes to "Paid." An unposted "dummy" payment is created and the distribution is shown in the payment - distribution.

As shown below, the GL distribution for the credit card charge will show a debit to the applicable expense account and a credit to the GL liability account.

Once you've recorded the credit card charges, you can pay off the credit card statement by creating a new invoice and linking the credit card vendor invoice to the credit card account.

Creating an invoice for the Chase Manhattan - Visa statement, will show a debit to the GL liability account and a credit to the AP Summary Account.

The last step is to pay off the invoice to the credit card vendor, Chase Manhattan.

Paying off the invoice to the credit card vendor, Chase Manhattan, will show a debit to the AP Summary Account and credit to Cash.
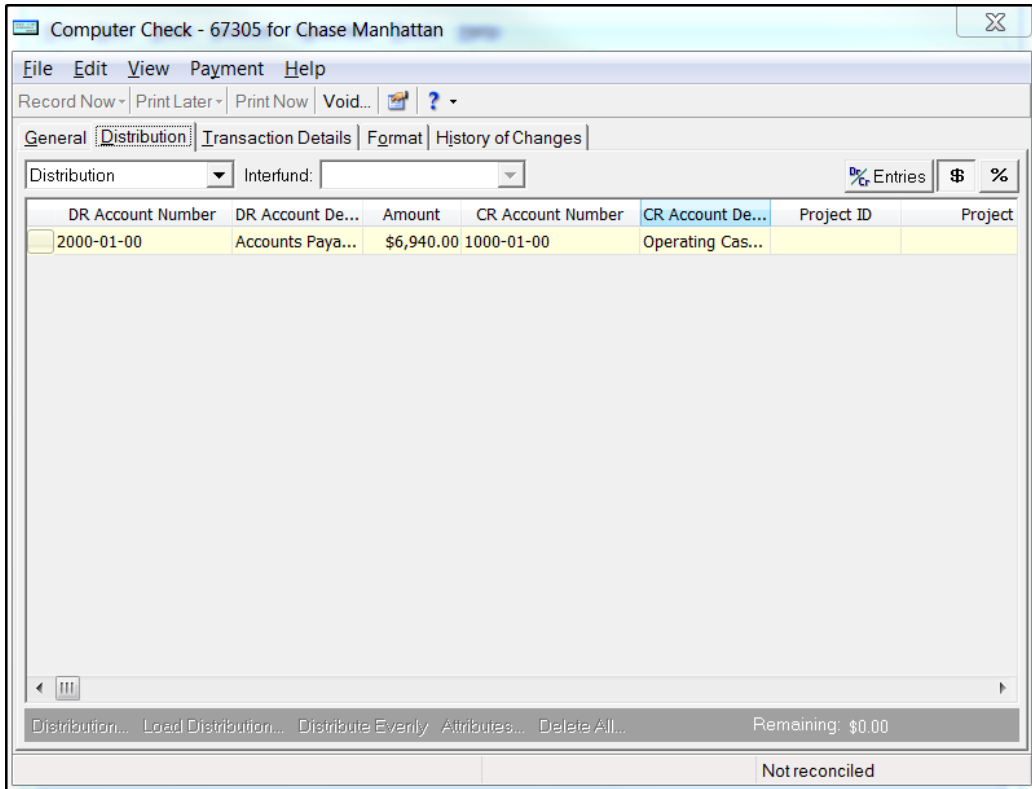
View Credit Card Register

Credit card accounts are setup like bank accounts in *Financial Edge*. By doing so, you can easily track charges and payments in the credit card register. You access the Credit Card register from the Banks page.

Under General tasks, click **Open register** to open the register for the selected credit card account.

The Credit Card Register displays all your credit card transactions, including date, type, credit card number, payee, status, and balance information. On this screen, you can filter, sort, and void transactions and view transaction details.

Add an Adjustment

1. To create a credit card adjustment, select **New Adjustment** from the Credit Card register.

2. In the **Category** field, you can select a pre-defined adjustment category or enter a name to create a new one. If you select a pre-defined adjustment category, the program automatically loads default information into the fields.
3. In the **Date** and **Amount** fields, enter the date and amount of the adjustment.
4. In the **Type** field, select "Charge" or "Payment/Credit".
5. In the **Post status** field, select "Not yet posted" or "Do not post".
6. In the **Post date** field, enter the date the adjustment is posted to General Ledger.
7. In the Notes box, enter any descriptive notes about the adjustment.
8. Once the adjustment appears in the bank account, mark **Cleared on** and enter the clear date in the field.
9. Select the GL Distribution tab. To create a distribution for the adjustment, designate debit and credit accounts for the adjustment, the amounts to distribute to the accounts, and select a class for the distribution on the Distribution tab.
10. Click **Save and Close** to save the adjustment and return to the Credit Card Register.

Credit Card Setup Considerations

When you set up your credit card accounts, you should consider how the billing is currently handled by the vendor linked to the credit card.

For example, let's say Bank of America is a vendor and sends a consolidated statement containing three subsidiary Visas, totaling $100,000 (V1 = $20,000, V2 = $30,000 and V3 = $50,000). We recommend creating one credit card account for three subsidiary cards. That way, you will have one register, which can be filtered by subsidiary card, and the payment of $100,000 would pay off the register balance to zero.

In the example above, if you create three separate credit card accounts, then three registers will be created. The vendor statement of $100,000 will need to be divided into three invoices (V1 = $20,000, V2 = $30,000 and V3 = $50,000), and you will make three separate payments to update each of the three registers.

However, if Bank of America sends three separate statements (one for each subsidiary Visa), we recommended you create a credit card account for each subsidiary.

Credit card charge (tied to a subsidiary card)

Invoice BK44 for A+ Office Supplies

File Edit View Invoice Favorites Tools Help

Save and Close

Invoice | GL Distribution | Payments/Credits | Attributes | Notes

Vendor name: A+ Office Supplies   ID: 1031

Invoice number: BK44   PO number:
Status: Paid

Invoice date: 08/09/2016   Post status: Not yet posted
Due date: 08/09/2016   Post date: 08/09/2016
Description: Test
Remit to: Payment Address
Amount
Invoice amount: $300.00   1099 Distribution...

Payment
Payment method: Credit Card
Account to use: Vi9000 Beth McDougal

Balance: $0.00   Paid   08/11/2016

Payment to Credit Card Vendor tied to a Credit Card - not a subsidiary card

Results in Credit Card Register (Visa 3)

Notice there is no subsidiary card identified with a payment -- only a charge.

GL Liability Account Example

Each credit card must have a default GL liability account. This serves as a clearing account. After a credit card statement/bill is received, this account should have a zero balance.

You can choose to have one-to-one relationship between this GL liability account and a credit card account (Visa liability account, Mastercard liability account, American Express Liability account, etc.) or consolidate all credit cards into one GL liability account. Having one liability account per credit card account will allow you to run GL reports on individual credit card accounts. Using a single liability account will allow you to report on overall credit card liability.

In the above example, one GL liability account is created (Accrued Expenses- Other). The accounting would be the following:

Step 1: Credit charge for office expenses on Visa statement:

Office Expense   XXX

    GL liability account   XXX

*An unposted dummy payment is created and the distribution is shown in the payment distribution.

Step 2: Visa statement is received with only this transaction

GL liability account   XXX

     AP Summary   XXX

Step 3: Visa statement is paid for this transaction

 AP Summary   XXX

     Operating Cash   XXX

The GL liability account for credit cards should net to zero, unless charges are incurred, or if there is a discrepancy between what is charged and what is billed.