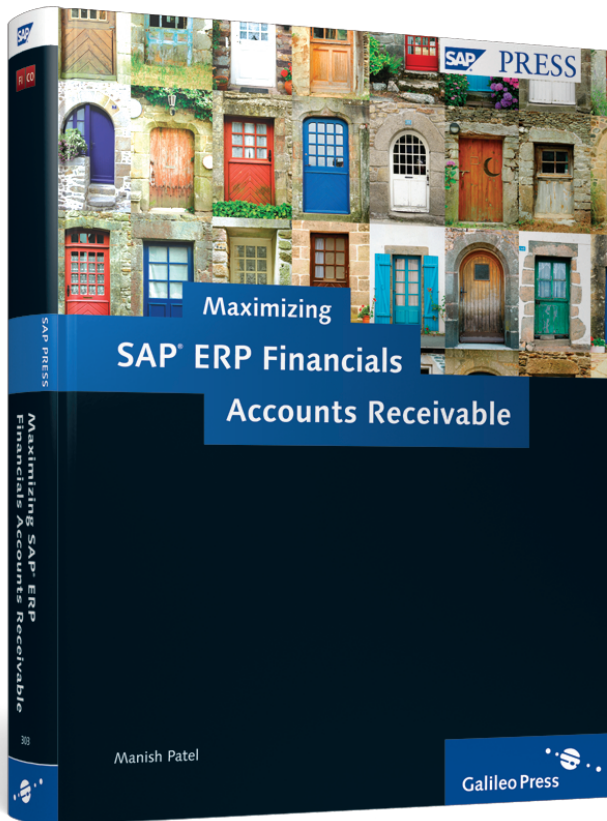


Manish Patel

Maximizing SAP® ERP Financials Accounts Receivable



 Galileo Press®

Bonn • Boston

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In this chapter, we'll discuss the dunning functionality in the SAP system. The dunning process is used to send dunning notices or payment reminders to business partners who have fallen behind on payments. Most commonly, this process is used for customers, but the SAP system also supports dunning functionality for vendors that have a debit balance. Just like with all other functionality in the SAP system, this process can be made as simple or as complex as required by your business.

6 Dunning

Dunning in the SAP system provides comprehensive functionality to respond to business situations in which business partners have fallen behind on payments. You can customize the SAP system to represent dunning responsibilities, dunning groups, dunning levels, and dunning processes that match your business model and industry standards. You can calculate interest on open items, manage negotiated non-payment periods, prepare dunning notices, and send them by mail, email, or fax to business partners. You can also manage SAP system business situations where the collections group has followed up as much as possible, and any further collection efforts require involvement of the legal department or a collection agency.

In this chapter, we'll first review the dunning parameters in the SAP system, followed by configuring the dunning procedure. Then we'll review the process of the dunning run and associated functionality. Like other chapters, we'll end this chapter with technical references and information on available enhancements and modifications in the area of dunning processes.

6.1 Dunning Parameters

In this section, we'll review SAP concepts and parameters that are relevant to dunning functionality. These parameters help you configure a dunning process that meets your organizational as well as procedural business requirements. Technically,

however, the configuration of all parameters except the dunning level (Section 6.1.2) is optional.

6.1.1 Dunning Area

The *dunning area* corresponds to an organizational unit within a company code that is responsible for carrying out dunning activities. For a customer account, you can set up different dunning parameters for different dunning areas.

Typically, dunning activities for a legal entity are carried out by a single department or organizational unit, in which case, you don't need to configure dunning areas in the SAP system. However, a company with a large customer base may have multiple organizational units responsible for carrying out dunning activities.



CoCd	Area	Text
1000	01	Domestic: Corporate Accounts
1000	02	Domestic: Government Agencies
1000	03	International: Europe
1000	04	International: Asia Pacific
1000	05	International: Rest of Americas

Figure 6.1 Dunning Areas

As shown in Figure 6.1, dunning areas may be structured based on product divisions, geographical regions, customer groups, or any combination of such business characteristics. This configuration activity is carried out using IMG • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE • BUSINESS TRANSACTIONS • DUNNING • BASIC SETTINGS FOR DUNNING • DEFINE DUNNING AREAS.

The next parameter signifies how much an item is in arrears.

6.1.2 Dunning Level

A *dunning level* designates one of the steps in a dunning process. A higher dunning level indicates a higher number of days an item is in arrears. For example, dunning level 1 may indicate an item that is in arrears for 15 days, and dunning level 2 may indicate an item that is in arrears for 30 days.

There is no separate configuration activity to define a dunning level. You define dunning levels when configuring the dunning procedure discussed in Section 6.2, Dunning Procedure.

6.1.3 Dunning Grouping Key

Typically, a dunning run generates one dunning notice per business partner. However, using a *dunning grouping key*, you can generate multiple dunning notices for a business partner based on different groups of dunned items. This may be useful, for example, to generate separate dunning notices for different customer contracts.

Field for grouping dunning notices				
	Name	Name	Offset	Length
Field1	VERTN	Contract Number		13
Field2	VERTT	Contract Type		1

Fields not checked

- Against table "BSID" (customers)
- Against table "BSIK" (vendors)

Figure 6.2 Dunning Grouping Key

Figure 6.2 shows the configuration of a dunning grouping key that can be used to group dunning items based on two fields, Contract Number and Contract Type. Fields Not Checked indicators in this configuration specify the type of accounts for which this check *won't* be carried out. Thus, the key shown in Figure 6.2 will carry out the grouping of dunning items for customers but not for vendors.

Assignment of a grouping key is carried out in a customer master. These grouping keys are configured using IMG • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE • BUSINESS TRANSACTIONS • DUNNING • DUNNING PROCEDURE • DEFINE DUNNING GROUPINGS.

The next dunning parameter we'll discuss is configuring dunning clerks.

6.1.4 Dunning Clerk

You can define your accounting business users as accounting clerks in the SAP system. Subsequently, contact information such as telephone number, fax number, or email can be printed on communications with business partners. Business partners, in turn, can use this information to question or dispute items on their account statements or dunning notices.

Accounting Clerks			
CoCd	Clerk	Name of Accounting Clerk	Office user
1000	A1	Jeff Miller	JMILLER
1000	A2	Mich Saigal	MSAIGAL
1000	A3	Frank Gibbs	FGIBBS
1000	A4	Jack Patel	JPATEL
1000	A5	Wendy DeSoto	WDESOTO
1000	A6	Ibrahim Peerzada	IPEERZADA

Figure 6.3 Dunning Clerks

Figure 6.3 shows a sample configuration of accounting clerks. This configuration is carried out using IMG • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE • CUSTOMER ACCOUNTS • MASTER DATA • PREPARATIONS FOR CREATING CUSTOMER MASTER DATA • ENTER ACCOUNTING CLERK IDENTIFICATION CODE FOR CUSTOMERS.

After this configuration has been carried out, you can assign the Clerk ID as a dunning clerk in customer accounts. You can also print the contact information of the dunning clerk on dunning notices and other communications. The Office User field corresponds to the SAP logon user of that accounting clerk. This user ID can be used in the workflow process or to retrieve a user's contact information such as telephone number, fax number, and email address.

So far, we've discussed dunning parameters that are associated with customer master data. On the other hand, next parameter is assigned directly to an item being dunned.

6.1.5 Dunning Key

Dunning keys are assigned directly to the document item being dunned on the customer or vendor account. These keys are defined using IMG • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE • BUSINESS TRANSACTIONS • DUNNING • BASIC SETTINGS FOR DUNNING • DEFINE DUNNING KEYS.

Dunning Keys			
Dunn.key	Max.level	Print sep	Text
1	1	<input type="checkbox"/>	Triggers maximum dunning level 1
2	2	<input type="checkbox"/>	Triggers maximum dunning level 2
3	3	<input type="checkbox"/>	Triggers maximum dunning level 3
4	4	<input type="checkbox"/>	Triggers maximum dunning level 4
5	5	<input type="checkbox"/>	Triggers maximum dunning level 5
Z		<input checked="" type="checkbox"/>	Payment has been made, separate item display

Figure 6.4 Dunning Key

As shown in Figure 6.4, a dunning key can be used to control two aspects of an item being dunned. If you've specified the Max Level for a dunning key, the dunning process limits the maximum dunning level assigned to the item being dunned. As you'll see in Section 6.2, Dunning Procedures, dunning levels control a large number of dunning parameters such as those for interest calculation, print controls, texts on dunning notice, and so on. By restricting the dunning level of an item, you can effectively influence values of all of these parameters for the item being dunned.

Another aspect controlled by the dunning key is whether the item being dunned should be printed separately on a dunning notice. This is done by selecting Print Sep indicator for the Dunn.Key. For example, you may want to print disputed items or specially negotiated items separately on a dunning notice.

The next parameter is also assigned directly to the document item being dunned.

6.1.6 Dunning Block

Document items with *dunning blocks* aren't included in a dunning run, even if all other dunning criteria, such as number of days in arrears and dunning amounts, are satisfied. For example, you may have received an email confirmation of customer

payment, but the actual payment may not have yet been posted in the SAP system at the time of the dunning run.

Dunning Block Reasons	
Lock	Text
	Freed for dunning
A	Manual block due to a telephone payment advice
B	Manual block due to complaints against vendor
R	Blocked by invoice verification

Figure 6.5 Dunning Blocks

Figure 6.5 shows an example of dunning blocks. A dunning block is directly assigned to the document item for which the dunning process should not be carried out. These codes can be defined using IMG • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE • BUSINESS TRANSACTIONS • DUNNING • BASIC SETTINGS FOR DUNNING • DEFINE DUNNING BLOCK REASONS.

Tip

You can use Transaction F8P2 to set the dunning block in customer line items that are already posted. You can choose customer line items based on selection criteria such as company codes, document numbers, customer accounts, posting dates, and document types.

In this section, we discussed the individual parameters that influence the dunning process. In the next section, we'll see the dunning procedure configuration that brings these parameters together.

6.2 Dunning Procedure

A *dunning procedure* is the most important dunning parameter associated with a customer account. It determines if, when, and how unpaid customer items are dunned. It controls the dunning frequency, number of dunning levels, minimum dunning amounts, dunning charges, and interest calculation, among other things.

Tip

Dunning procedure parameters are configured separately for each company code in which they are used. This design enables you to customize one dunning procedure to meet unique requirements of multiple company codes.

The setup of the dunning procedures is carried out using IMG • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE • BUSINESS TRANSACTIONS • DUNNING • DUNNING PROCEDURE • DEFINE DUNNING PROCEDURES. The following sections discuss each of the six screens involved in the dunning procedure setup.

6.2.1 Overview Screen

The Overview screen (Figure 6.6) is the first screen in a dunning procedure setup.

Maintain Dunning Procedure: Overview	
Dunning levels Charges Minimum amounts Dunning texts Sp. G/L indicator	
Dunn.Procedure	0002
Name	Four-level dunning, every month
General data	
Dunning Interval in Days	30
No. of dunning levels	4
Total due items from dunning level	1
Min. days in arrears (acct)	6
Line item grace periods	2
Interest indicator	01 Standard itm int.cal
Public ho1.cal.ID	
<input checked="" type="checkbox"/> Standard transaction dunning	
<input checked="" type="checkbox"/> Dun special G/L transactions	
Reference data	
Ref. Dunning Procedure for Texts	0001 Four-level dunning, every two weeks

Figure 6.6 Dunning Procedure – Overview

The dunning frequency of a customer is determined by the field Dunning Interval in Days. A new dunning notice for a customer is generated only after the number of days specified in this field have elapsed, regardless of whether new items have become overdue during that time period.

By specifying grace days for an item in field Line item grace periods, you can avoid dunning items that have become overdue only recently. Whereas using the Min Days in Arrears (Acct) field, you can ensure that a dunning notice is generated only if at least one item on an account is in arrears for the specified number of days. In the example shown in Figure 6.6, a dunning notice won't include any item that is in arrears for two or fewer day, and it will be generated only after at least one item is in arrears for six or more days.

Tip

The grace number of days and minimum days in arrears are useful only for operational and procedural reasons. They don't have any influence on the calculation of days in arrears.

The field Public holiday calendar Id is used to specify a calendar indicating public holidays and weekends. If this calendar is maintained for a dunning procedure, then the dunning program ensures that a payment deadline on a dunning notice doesn't fall on a weekend or a public holiday. This functionality can be useful, for example, if you've scheduled dunning process as a background job in the SAP system. Configuration for the calendar is carried out using IMG • SAP NETWEAVER • GENERAL SETTINGS • MAINTAIN CALENDAR.

Another important field on this screen is No. of Dunning Levels, which specifies the highest dunning level possible in the dunning procedure. Technically, a dunning procedure can consist of up to nine dunning levels. However, you may want to review whether it's appropriate from a business point of view to send that many dunning notices without escalating collection efforts to a legal department or a collection agency. The number specified in this field influences the available fields on the next screen D dunning levels.

6.2.2 Dunning Levels

Figure 6.7 shows the second screen of the dunning procedure, where you carry out the setup for individual dunning levels. This screen displays number of dunning level columns corresponding to the number of dunning levels entered on the Overview screen. For each dunning level, you specify following parameters:

- ▶ Days in Arrears specifies the minimum number of days in arrears for an item to be assigned a corresponding dunning level. In the example shown in Figure

6.7, all items that are overdue for 2 to 15 days are assigned dunning level 1, and all items that are overdue for 16 to 29 days are assigned dunning level 2.

- ▶ If the Calculate Interest flag is selected, then the dunning process calculates interest on overdue items. Interest calculation is discussed in detail later in this chapter in Section 6.4, Transactions.

Maintain Dunning Procedure: Dunning levels				
Charges Minimum amounts Dunning texts				
Dunn.Procedure	0002			
Name	Four-level dunning, every month			
Dunning level	1	2	3	4
Days in arrears/interest				
Days in arrears	2	16	30	44
Calculate interest?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Print parameters				
Always dun?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Print all items	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Payment deadline			10	7
Legal dunning procedure				
<input type="checkbox"/> Always dun in legal dunning proc.				

Figure 6.7 Dunning Procedure – Dunning Levels

Additionally, for each dunning level, you can specify the following parameters that influence the standard system behavior of how dunning items are printed on a dunning notice.

- ▶ The standard behavior of the dunning process is that a dunning notice for a business partner isn't printed if there has been no change since the last dunning run. However, if the Always Dun? flag is selected, then a dunning notice is printed for that dunning level even if there has been no change since the last dunning run.
- ▶ If the Print All Items flag is selected, the dunning notice for that dunning level prints all items open on the customer account.

Tip

Typically, Always Dun and Print All Items flags are selected for the highest dunning level in a dunning procedure.

- By default, dunning notices are issued with the payment deadline date the same as the dunning date. However, the payment deadline can be set to a future date by maintaining the number of days in the Payment Deadline field.

On the next screen, you make amount specifications that determine the dunning level of a dunning item.

6.2.3 Minimum Amounts

The dunning program evaluates items being dunned and assigns dunning levels based on the minimum amounts (Figure 6.8) set up for a dunning procedure.

Dun	Minimum amount	Min.percentage	Min.amt for interest
1	50.00	15.00	100.00 USD
2	100.00	25.00	100.00 USD
3	250.00		100.00 USD
4	500.00		100.00 USD

Figure 6.8 Dunning Procedure – Minimum Amounts

Two specifications on this screen determine the dunning level assigned to a dunning item. Minimum Amount is self-explanatory; it specifies the minimum amount of the overdue item for it to be assigned a corresponding dunning level. On the other hand, Min Percentage specifies that the corresponding dunning level is assigned only if items being dunned have reached a specified percentage of the total open items. For example, if a customer account has an open receivable balance of hundreds of thousands of dollars, you may not want to assign that customer a higher dunning level for a \$100 open item. If both minimum amount and minimum percentage are specified for a dunning level, both the criteria have to be met before that dunning level is assigned to a dunning item.

Tip

Minimum amounts for a dunning procedure are maintained separately for each currency. The dunning program validates and assigns the dunning level based on the amount calculations carried out in the dunning currency.

In addition to amount and percentage specifications, you can also specify on this setup screen the minimum amount for interest calculation for each dunning level. The functionality of the dunning interest calculation is discussed in Section 6.4.4, Interest Calculation.

In the next section, let's consider the calculation of dunning charges.

6.2.4 Dunning Charges

Depending on your business relationships and overdue amounts, you may want to charge your business partners interest on dunned items. You can add dunning charges to dunning notices based on the total amount being dunned. Figure 6.9 shows an example of dunning charges maintained for Dunning Procedure 0002. Dunning charges on a dunning procedure are maintained separately for each currency. The dunning program calculates the dunning charges based on the dunning currency of a dunning notice.


Maintain Dunning Procedure: Charges				
Dunning levels		Minimum amounts	Dunning texts 	
Dunn.Procedure	0002			
Name	Four-level dunning, every month			
Charges				
Dunn.Level	From Dunn. Amt	Dunn.charge		Dunn.charge %
1	5.00	5.00	USD	
2	5.00	5.00	USD	
3	5.00	10.00	USD	
4	5.00		USD	3.00

Figure 6.9 Dunning Procedure – Charges

For each dunning level, you specify either dunning charges as an absolute amount in the Dunn Charge field, or as a percentage in the Dunn Charge % field. This dun-

ning charge is levied on the total dunning amount calculated using the amount specified in From Dunn Amount. So in the example shown in Figure 6.9, the dunning charge will be \$5 for the first two dunning levels, \$10 for the third dunning level, and 3% of the dunning amount for the fourth dunning level.

Note

Dunning charges and interest amounts are calculated by the dunning program and printed on dunning notices. However, additional development is required to post these values to Financial Accounting. Refer to Section 6.6.2, Enhancements, for more details.

So far, we haven't distinguished between standard transactions and special GL transactions. The next section discusses the dunning of special GL transactions.

6.2.5 Special GL Indicators

We've discussed special GL transactions in Chapter 2. You can specify which of the special GL transactions are included in a dunning run by using the setup screen shown in Figure 6.10.

Maintain Dunning Procedure: Special G/L indicator

Dunn.Procedure: 0002

Name: Four-level dunning, every month

Customers	Vendors
<input type="checkbox"/> A Down payment	<input type="checkbox"/> A Down payment on current assets
<input type="checkbox"/> B Bill of exchange receivable	<input type="checkbox"/> B Financial assets down payment
<input type="checkbox"/> C IS-RE Rent deposit	<input type="checkbox"/> D Discount
<input type="checkbox"/> D Prepaid Transportation Expense	<input checked="" type="checkbox"/> F Down payment request
<input type="checkbox"/> E Reserve for bad debt	<input type="checkbox"/> G Guarantee received
<input checked="" type="checkbox"/> F Down payment request	<input type="checkbox"/> H Security deposit
<input type="checkbox"/> G Guarantee	<input type="checkbox"/> I Intangible asset down payment
<input type="checkbox"/> H Security deposit	<input type="checkbox"/> M Tangible asset down payment
	<input type="checkbox"/> O Amortization down payment

Figure 6.10 Dunning Procedure – Special GL Indicators

A dunning run includes all transactions of the special GL transaction types selected on this setup screen. The Dun Special GL Transactions flag on the Overview screen (Section 6.2.1, Overview Screen) is automatically selected to provide quick indication of whether one or more special GL indicators on this screen are selected.

The last screen in a dunning procedure setup influences the format and content of dunning notices and dunning texts.

6.2.6 Dunning Texts

Dunning notices with higher dunning levels typically include stronger dunning language, so it's imperative that you be able to define dunning texts separately for each dunning level.

Also, for the same dunning level, dunning texts may differ depending on whether the recipient is a customer or a vendor. Finally, dunning notices also have to cater to different requirements of company codes and dunning areas. Hence, in the SAP system, dunning texts (Figure 6.11) for a dunning procedure are defined for a combination of company code, account type (customer or vendor), dunning level, and dunning area. However, if several dunning procedures share the same dunning texts, then you can avoid additional data maintenance by specifying Reference Dunning Procedure for Texts on the Overview screen (refer to Figure 6.6).

Maintain Dunning Procedure: Dunning texts

Dunning levels Charges Minimum amounts

Dunn.Procedure

Name

Company Code IDES AG

Account Type Customer

Dun	Area	Form	List name	adv.	Form ID
Normal dunning procedure					
1	<input type="checkbox"/>	F150_DUNN_01	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	F150_DUNN_01	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	<input type="checkbox"/>	Z150_DUNN_02	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	<input type="checkbox"/>	Z150_DUNN_02	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>		<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

Legal dunning proceedings

Texts maintained with reference to dunning procedure 0001 co.code 1000

Figure 6.11 Dunning Procedure – Dunning Texts

In Figure 6.11, fields Form and Form ID assigned to each dunning level determine the format and content of corresponding dunning notices. The next section describes the definition of dunning forms.

6.2.7 Dunning Notice

Figure 6.12 shows a sample dunning notice printed from the SAP system.

IDES US Inc., 1230 Lincoln Avenue, 10019 New York		1st dunning notice				
Firma Becker 18000 New Challan Parkway Boston MA 50610		Sample printout Date 01/01/2009 Your account with us 1000 Our account with you 500789 Postings are considered up to and including 12/31/2008				
Dear Sir/Madam						
The invoices listed below are due for payment.						
If you have paid the amounts due in the intervening period, please disregard this letter.						
Yours sincerely						
IDES Inc.						
Doc.	Date	Curr.	Amount	Due date	Arrears	D
1800000030	08/09/2008	USD	1,300.00	11/09/2008	22	1
1800000032	08/09/2008	USD	1,600.00	11/09/2008	22	1
Total of due items		USD	2,900.00			
Balance of account		USD	2,900.00			

Figure 6.12 Dunning Notice

Dunning forms used for dunning notices in the SAP system can be designed using either SAPscript or Smart Forms. Both these tools in the SAP system are used for text management and form printing. We won't get into technical differences and nuances of these tools, but technical development and maintenance of Smart Forms do offer advantages over SAPscript. If you want to print dunning notices using Smart Forms, refer to Section 6.6.2, Enhancements, for details on the additional development required.

The definition of dunning notices and forms is carried out using configuration activity IMG • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE • BUSINESS TRANSACTIONS • DUNNING • PRINTOUT • DEFINE DUNNING FORMS (WITH SAPSCRIPT) or DEFINE DUNNING FORMS (WITH SAP SMART FORMS).

So far, we were focused on the important elements, concepts, and functionality of the dunning process. In the next section, we'll discuss the dunning run.

6.3 Dunning Run

You start the dunning run by selecting the menu path SAP MENU • ACCOUNTING • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE • PERIODIC PROCESSING • DUNNING or Transaction F150.

The definition of a dunning run consists of a combination of the run date and a unique identifier. Even though the unique identifier can be freely defined for each dunning run, it's advisable to follow consistent naming convention so that you can easily identify or search for dunning runs. A commonly used format of an identifier is a few characters designating the target group of a dunning run, followed by a sequential number. For example, identifier INTL01 can indicate the first dunning run for international customers on the run date. All dunning parameters for a dunning run are maintained on the Parameters tab.

6.3.1 Parameter Maintenance

Figure 6.13 shows the screen for maintaining dunning parameters. As discussed previously, Run On date and Identification uniquely identify a dunning run. Dunning Date is the date printed on dunning notices, and it's also used to calculate days in arrears for open items. Typically, Dunning Date is the same as the Run On date. However, these dates may be different if the dunning run is scheduled in advance or is backdated. Company Code, Customer Accounts, and Vendor Accounts provide additional selection criteria for the dunning run.

A very detailed log is generated during a dunning run for the customer and vendor accounts entered on the Additional Log tab. Because the detailed log includes information for every document evaluated for dunning, it should be enabled only for accounts or dunning runs for which such details are required and can be effectively analyzed.

Dunning: Parameters

Indiv.dunn.notice | Dunn.history

Run On: 04/01/2009
 Identification: INTL01

Parameter | Free selection | Additional Log

Date
 Dunning date: 04/01/2009
 Docmnts posted up to: 03/31/2009

Company Code
 Company Code: 1000 to []

Account Restrictions
 Customer: 1000 to 9999
 Vendor: [] to []

Figure 6.13 Dunning Run Parameters

You can use the Free Selection tab (Figure 6.14) to enter additional selections.

Dunning: Free Selections

Parameter | Free selection | Additional Log

Field name	E	Values	Values
KNA1 - KTOKD	<input type="checkbox"/>	INTL	
	<input type="checkbox"/>		
	<input type="checkbox"/>		
	<input type="checkbox"/>		
	<input type="checkbox"/>		
	<input type="checkbox"/>		
	<input type="checkbox"/>		
	<input type="checkbox"/>		
	<input type="checkbox"/>		

Field Selection dialog:
 Document (table BSID,BSIK)
 Vend.master record (table LFA1, LFB1, LFB5)
 Cust.master record (table KNA1, KNB1, KNB5)

Figure 6.14 Dunning Run Free Selections

This can be useful if selections available on the Parameters tab aren't sufficient. On the Free Selection tab, you can use almost any field from financial documents, cus-

customer accounts, and vendor accounts as selection criteria. After dunning parameters are entered and saved, the next step is to create a dunning proposal.

6.3.2 Creating a Dunning Proposal

You prepare a dunning proposal by selecting the Schedule button on the dunning program. This option initiates the evaluation and processing of dunning items.

Evaluation of Dunning Items

Following are some of the points that explain evaluation of dunning items.

- ▶ Dunning is carried out on all overdue items selected based on dunning parameters and free selection criteria entered for a dunning run.
- ▶ Credit memos that aren't due or blocked result in payables to customer accounts regardless of individual due dates.
- ▶ The dunning program doesn't carry out dunning for items with a dunning block or items with an automatic payment method such as an automatic debit.
- ▶ Dunning notices aren't generated for an account if items don't exceed the minimum days in arrears, items are within the grace days, or if the overdue amount is less than minimum amount.
- ▶ Dunning notices aren't generated for an account if the dunning data hasn't changed since the last dunning run, and the Always Run indicator isn't selected in the dunning procedure.
- ▶ After an invoice is determined to be valid for inclusion in the current run, the next dunning level is calculated based on the dunning procedure parameters.
- ▶ Credit memos with invoice references receive the dunning level of the invoice and are cleared with dunning items starting with that dunning level.
- ▶ Credit memos without invoice references are cleared starting with the dunning items with the highest dunning level in the dunning run.

Clearing and printing of dunning notices are carried out in dunning currency.

Dunning Currency

If a dunning notice contains items of several currencies, the dunning currency is the same as the local currency. However, if the dunning notice contains items of

only one currency, this is used as the dunning currency. Calculation of dunning charges is also carried out using this same logic.

It's important to note that the dunning program also checks blocked items to determine the dunning currency. This may lead to confusion if the blocked items are in different currencies because blocked items aren't printed on a dunning notice. Checking the dunning log or customer line items can clarify the determination of the dunning currency. The following options are available to you after the dunning proposal is generated.

- ▶ Using the Dunning List option, you can display all of the dunning items selected in the dunning proposal.
 - ▶ Program RFMAHN21 is used to display the dunning list that includes customer account information and document details.
- ▶ Using the Log option, you can display the dunning proposal log.
 - ▶ For customer and vendor accounts entered on the Additional Log tab, this option displays a very detailed log of items included in the dunning proposal.
- ▶ Using the Dunning History option, you can display the dunning history for customer or vendor accounts.
 - ▶ For all selected accounts, this option displays the dunning run date, identifier, dunning procedure, dunning level, and total dunned amount.
- ▶ Using the Delete option, you can delete the dunning selections.
 - ▶ If you want to change the dunning parameters after the dunning proposal has been generated, you have to first delete the dunning proposal.
- ▶ Using the Change option, you can change items selected in a dunning run.
 - ▶ Program RFMAHN21 is used to display the dunning list for potential changes. The next section describes this change option in more detail.

6.3.3 Changing a Dunning Proposal

By selecting the Change Master Data option from the dunning proposal change screen, you can influence the selection of dunning items included in the dunning proposal. It's also possible to change the texts maintained on the customer account master by selecting the Change Texts option. This can be useful, for example, if dunning texts maintained on the master account are printed on dunning notices.

Dunning notice header

A	Acct/contract	CoCd	Dunning clerk	Dunning Area	Dunning l...	Dunn. block
D	1000	1000	D1		2	

Dunning line items

Document	Fis	Net due date	N...	Old dunn.level	Dunning level	Dunn. block	P...	Amount
1600000113	2008	11/05/2008	24	1	2		<input type="checkbox"/>	
1600000123	2008	12/05/2008	74	1	2	A	<input type="checkbox"/>	
1600000133	2008	01/05/2008	43	1	2		<input type="checkbox"/>	
1600000143	2008	02/05/2008	32	1	2	A	<input type="checkbox"/>	
1600000153	2008	03/05/2008	84	1	2		<input type="checkbox"/>	
1600000163	2008	04/05/2008	53	1	2		<input type="checkbox"/>	

Copy
 Check dunning notice

Figure 6.15 Change Dunning Notice

You can also exclude one or more items from the current dunning run by selecting the Change Dunning Notice option. As shown in Figure 6.15, you can place the dunning block on the customer account or on individual items selected in the dunning notice.

Tip

If you want to change a dunning notice in a way that changes dunning parameters such as dunning level and minimum amount; you should assign a dunning block to that customer, process the current dunning run without generating a dunning block notice for that customer, and then make necessary changes to the dunning procedure configuration.

After the dunning proposal has been reviewed, you choose the Dunning Printout option when you're ready to print dunning notices.

6.3.4 Print Dunning Notices

You may first want to select the Sample Printout option to schedule the printing of sample dunning notices. This option enables you to carry out sample printing

of dunning notices for selected customer or vendor accounts. This option can be useful to review any changes in the content or format of dunning notices.

Finally, you choose the Dunning Printout option to start printing dunning notices. Figure 6.16 shows a completed dunning run after dunning notices have been printed.

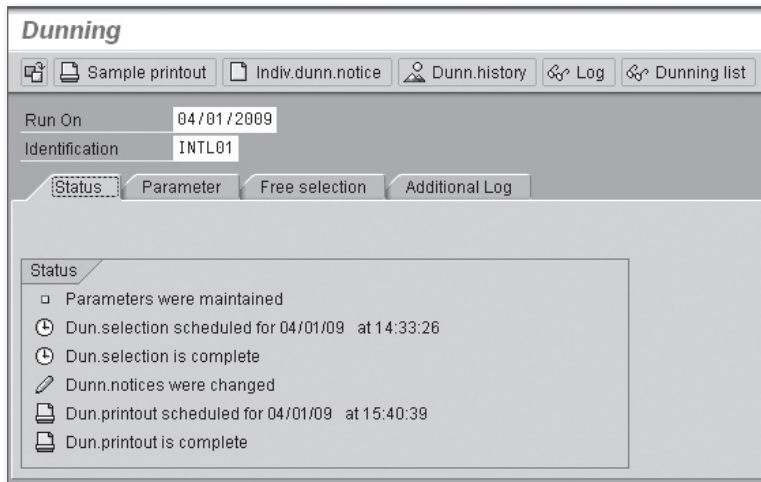


Figure 6.16 Dunning Run

By double-clicking on any status message shown in Figure 6.16, you can review detailed log information for that step.

So far, we've discussed the standard and most common flow of the dunning process. In the next section, we'll discuss additional functionality, variations of the dunning process, and other transactions.

6.4 Transactions

One of the most important transactions involved in the dunning process is the maintenance and review of the dunning data in the customer master.

6.4.1 Dunning Data in Customer Master (FD02)

Even though we'll make reference to the customer master, discussion in this section is equally applicable for dunning data maintained in vendor accounts.

The screenshot displays the SAP 'Customer: Company Code Data' window. It features several tabs: 'Account Management', 'Payment Transactions', 'Correspondence', and 'Insurance'. The 'Dunning data' section contains the following fields:

Dunn.Procedure	0002	Dunning block	<input type="checkbox"/>
Dunn.recipient	1500	Leg.dunn.proc.	<input type="text"/>
Last dunned	<input type="text"/>	Dunning level	<input type="checkbox"/>
Dunning clerk	A1	Grouping key	VT

A 'Dunning areas...' button is located to the right of the 'Grouping key' field. Below this, the 'Correspondence' section is active, showing a window titled 'Customer Change: Dunning Areas Accounting'. This window contains a table with the following data:

Area	Procedure	Lock	Recipient	Pers.resp.	Date	Dun	Legal dunn. notice on
	0002		1500	A1			
01	0001		1500	A1			
02	0002			A2			

Figure 6.17 Dunning Data in the Customer Master

We've already discussed some of the dunning fields shown in the top part of Figure 6.17 such as Dunning Procedure (Section 6.2, Dunning Procedure), Dunning Clerk (Section 6.1.4, Dunning Clerk), Dunning Block (Section 6.1.6, Dunning Block), Grouping Key (Section 6.1.3, Dunning Grouping Key), and Dunning Area (Section 6.1.1, Dunning Area). Using Dunning Recipient, you can send dunning notices to a different business partner than the one who owes you receivables. At the least, the dunning procedure should be maintained in all customer accounts that are to be evaluated for dunning. Maintenance of other parameters is optional.

As shown in the bottom part of Figure 6.17, you can maintain separate dunning parameters for each dunning area that is responsible for dunning a customer account. However, you don't have to maintain these parameters separately if all the dunning areas in a company code share the same dunning parameters for a customer account.

Tip

When you dun a customer who is also a vendor, the dunning program automatically includes open items from both accounts and evaluates the net balance. However, only the dunning parameters maintained in the customer account are relevant for the dunning process.

After a dunning run is carried out, the Last Dunned field is updated with the date on which the last dunning notice for the customer account was generated. Similarly, the dunning level is updated with the highest dunning level reached by the customer. If the dunning parameters for a customer account are maintained in multiple dunning areas, then these fields are updated only for the dunning areas for which dunning notices were generated.

The field Legal Dunning Proc is used to maintain the date on which legal dunning proceedings were initiated for the customer account, which is discussed in the next section.

6.4.2 Legal Dunning

When an account reaches the last dunning level in a dunning procedure, you can transfer the collection to your internal legal department or a third-party collection agency to initiate legal dunning proceedings. The field Legal Dunning Proceedings (Figure 6.17) discussed in previous section is used to indicate the date on which legal dunning proceedings for a customer account are initiated.

Accounts, for which legal dunning proceedings have been initiated, aren't included in the normal dunning run. Instead, a separate dunning form is used to inform the legal department of any additional activities on the customer account. This form is maintained in the field Form for Legal Dunning Proceedings on the Dunning Texts tab (Section 6.2.6, Dunning Texts) of a dunning procedure. If you choose to use your standard dunning form also for accounts with legal dunning proceedings, you should ensure that the form is capable of printing the appropriate legal verbiage. Your SAP support personnel can help you with that change.

Unless there is any new activity, a new dunning notice isn't generated for accounts for which legal dunning proceedings have been initiated. If you want to ensure that a dunning notice is generated regardless of any new activity, you should select the field Always Dun in Legal Dunning Proc in the Dunning Levels tab (Section 6.2.2, Dunning Levels) of a dunning procedure.

Additionally, legal dunning proceeding runs differ from standard dunning runs in the following ways:

- ▶ A dunning run also displays documents with dunning blocks or documents with automated payment methods such as automatic bank debit.
- ▶ The dunning level on the master record doesn't change. Only the last dunning date is updated on the master record.

Another variation of the dunning process is the ability to print individual dunning notices.

6.4.3 Individual Dunning Notices

If you want to print a one-off dunning notice for a customer or a vendor, the individual dunning notice function can be useful. You access this functionality (Figure 6.18) by selecting the *Indiv Dunning Notice* option in the dunning run as discussed in Section 6.3, *Dunning Run*.

Account	
Company Code	1000 <input type="checkbox"/> Cross-company code dunning
Customer	1000
Vendor	

Selection	
Run On	04/01/2009
Dunning date	04/01/2009
Docmnts posted up to	03/31/2009

Printer	
Output Device	LP01
<input type="checkbox"/> Print preview	

Buttons: Test run with log, Sample printout, Printout, Close

Figure 6.18 Individual Dunning Notices

As you can see, this is a quick way to specify all information relevant for a dunning notice — such as company code, account, and dates — and quickly print a dunning notice. If you select the *Cross-Company Code Dunning* flag, all items from all company codes are included in the dunning notice for an account.

In the next section, you'll see how interest and dunning charges are calculated and processed in a dunning procedure.

6.4.4 Interest Calculation

The Interest indicator is maintained in the Interest Indicator field on the Overview tab (Section 6.2.1, Overview Screen) of a dunning procedure. Configuration for these indicators is carried out using IMG • FINANCIAL ACCOUNTING • ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE • BUSINESS TRANSACTIONS • DUNNING • DUNNING PROCEDURE • DEFINE INTEREST RATES.

Interest Rates					
IntID	Crcy	Valid from	Debit %	Cred. %	
01	DEM	01/01/2009	9.250	6.000	
01	EUR	01/01/2009	9.250	6.000	
01	FRF	01/01/2009	9.250	6.000	
01	IQD	01/01/2009	9.250	6.000	
01	JPY	01/01/2009	9.250	6.000	
01	USD	01/01/2009	9.250	6.000	

Figure 6.19 Dunning Interest Rates

As shown in Figure 6.19, interest rate in configuration are defined for a combination of interest indicator, currency, validity date, and whether a transaction is a debit or credit. This detailed configuration provides you with an ability to set interest rates that accurately reflect market conditions.

Tip

Interest calculation for dunning is *completely separate* from the month-end interest calculation program discussed in Chapter 10.

Dunning interest is calculated and can be printed on dunning notices. However, as mentioned in Section 6.2.4, Dunning Charges, additional development is required if you want these entries to automatically post to accounting.

The next section discusses dunning reports available in the SAP system.

6.4.5 Reporting

To analyze current and historical dunning of customer accounts, you can use customer line item analysis and dunning history reports in the SAP system.

Customer Line Item Analysis (FBL5N)

This is one of the most commonly used transactions to analyze entries posted to a customer account. We discussed this transaction in Chapter 11.

Customer Line Item Display													
Stat	Type	Doc. Date	Net due date	DD	z	Amt in loc.cur.	LCurr	DocumentNo	Dunn. block	Dunn.level	Dunn.key	Dunn.area	
	DR	08/15/2008	09/29/2008			1,000.00	USD	1800000028		1			
	DR	08/15/2008	09/29/2008			1,150.00	USD	1800000029		2			
	DR	08/15/2008	09/29/2008			1,300.00	USD	1800000030	A	2			
	DR	08/15/2008	09/29/2008			1,450.00	USD	1800000031	B	2			
	DR	08/15/2008	09/29/2008			1,600.00	USD	1800000032		2			
						6,500.00	USD						
Account 1000						6,500.00	USD						

Figure 6.20 Dunning: Customer Line Item Display

As shown in Figure 6.20, you can set a line item layout to include dunning fields such as Dunning Block, Dunning Level, Dunning Key, and Dunning Area. This report provides you with the current dunning status of open items. To analyze historical dunning data, you should use dunning history.

Dunning History (F150)

Dunning history can be accessed through the same transaction that you use for the dunning run (Section 6.3.2, Creating a Dunning Proposal).

FI Dunning - Dunning History														
Comp.	Acct typ	Account	Run Date	ID	Print Date	Dun. date	Leg.dun.pr	Procedure	Sort field	CPD	Area	Dun	Due items	Crcy
1000	D	1000	01/01/2009	INTL02	04/09/2009	01/01/2009	0002					1	2,900.00	USD
01/01/2009			01/01/2009	INTL03	04/11/2009	04/01/2009	0002					2	1,100.00	USD

End of the list

Figure 6.21 Dunning History

Dunning history can be displayed for a range of customer and vendor accounts across company codes. Dunning history (Figure 6.21) shows the corresponding dunning level, dunning block, dunning date, and dunning procedure used for all dunned items. The next section provides a list of dunning transactions.

6.4.6 List of Transactions

Table 6.1 lists some of the transactions discussed in this chapter.

Transaction	Usage
F150	Dunning
F8P2	Set dunning block in customer line items
FD02	Maintain dunning data in customer master
FK02	Maintain dunning data in vendor master
FBL5N	Customer line item display
FBL1N	Vendor line item display
OBL6	Generate list for dunning program configuration
OB42	Define dunning interest rates
FBMP	Define dunning procedures
SE71	Define dunning forms (SAPscript)
SMARTFORMS	Define dunning forms (Smart Forms)
OBMD	Maintain sort variants for dunning notice items
OBMK	Maintain sort variants for dunning notice header
SCAL	Maintain public holidays calendar

Table 6.1 Dunning Transactions

In the next section, we'll look at the technical objects available for the dunning functionality.

6.5 Technical Reference

This section lists technical objects such as SAP Notes, authorization objects, and tables and structures relevant for implementing dunning functionality. Considering the large number of technical objects available in the SAP system, this information should only be considered as a starting point for analysis.

6.5.1 SAP Notes

Table 6.2 lists the SAP Notes for implementing the dunning functionality.

SAP Note	Relevance
0000545290	FAQ: Dunning
0000543743	FAQ: Dunning
0000590421	Add additional fields to dunning list
0000957556	Dunning of credit memos without invoice reference
0000333506	Dunning items with negative arrears
0000369620	Dunning for direct debit customer
0000874603	Interest calculation – dunning program and interest program
0001022738	Sort dunning lines according to days in arrears
0000643215	Confirmation receipt for dunning notices sent by email
0000970870	Sending interest letters by fax or email
0001091687	Individual dunning notice functionality
0000006591	Resetting of dunning data after printing
0000018127	Dunning notice: dunning level lower than expected
0000825723	Dunning charges in local and foreign currencies

Table 6.2 Dunning Process – SAP Notes

In the next section, we'll look at authorization objects available for dunning processes and transactions.

6.5.2 Authorization Objects

Table 6.3 lists some of the authorization objects to be considered for transactions discussed in this chapter.

Object	Description
F_KNA1_BUK	Customer: Authorization for Company Codes
F_LFA1_BUK	Vendor: Authorization for Company Codes
F_MAHN_BUK	Automatic Dunning: Authorization for Company Codes
F_MAHN_KOA	Automatic Dunning: Authorization for Account Types
F_BKPF_BUK	Accounting Document: Authorization for Company Codes

Table 6.3 Authorization Objects – Dunning

Object	Description
F_BKPF_GSB	Accounting Document: Authorization for Business Areas
F_BKPF_KOA	Accounting Document: Authorization for Account Types

Table 6.3 Authorization Objects – Dunning (Cont.)

The next section provides a list of tables and structures.

6.5.3 Tables and Structures

Table 6.4 lists tables and structures relevant for dunning processes. Additionally, you should also be familiar with tables and structures used for financial documents.

Table	Relevance
MAHNS	Accounts blocked by dunning selection
MHNC	Dunning data (account entries)
MHND	Dunning data (document entries)
MHNKA	Version administration of dunning changes
MHNKO	Dunning data (account entries) version before the next change
MHNDO	Dunning data version before the next change
T040	Dunning keys
T040S	Blocking reasons for dunning notices
T047B	Dunning level control
T047C	Dunning charges
T047M	Dunning areas
T047R	Grouping rules for dunning notices
T047T	Dunning procedure names

Table 6.4 Dunning Tables and Structures

Now we'll look at objects and functionality available for enhancing and modifying dunning functionality.

6.6 Enhancements and Modifications

This section provides lists of available BTEs, enhancements, BAdIs, and BAPIs relevant for dunning processes. These are used to enhance and modify the standard functionality available in the SAP system.

6.6.1 Business Transaction Events (BTE)

Using BTEs, you can attach additional function modules and custom logic to the standard SAP system. Table 6.5 lists publish and subscribe (P/S) and process BTEs available for dunning functionality.

Type	BTE	Event/Process
P/S	00001705	Start of dunning notice printout
P/S	00001710	End of dunning notice printout
P/S	00001719	Additional activities before printing
P/S	00001720	Printing of dunning notice
P/S	00001730	Check dunning customizing (key text)
P/S	00001740	Check additional dunning customizing
P/S	00001750	Dunning parameter maintenance (key text)
P/S	00001751	Dunning parameter maintenance
P/S	00001760	Application code: Process dunning header
P/S	00001761	Application code: Process dunning items
P/S	00001764	Dunning: Alternative Check for Account Balance
Process	00001020	Processing after data selection but before printing
Process	00001030	Determine form for dunning notice
Process	00001040	Determine output device for printing dunning
Process	00001050	Read additional fields for dunning account entries
Process	00001051	Read additional fields for dunning customer items
Process	00001052	Read additional fields for dunning vendor items
Process	00001053	Set dunning grouping key for one-time accounts

Table 6.5 Dunning – Business Transaction Events

Type	BTE	Event/Process
Process	00001060	Influence whether an item is dunned
Process	00001061	Delete an item from dunning proposal
Process	00001070	Use alternative procedures for interest calculation
Process	00001071	Influence calculation of dunning charges

Table 6.5 Dunning – Business Transaction Events (Cont.)

The following examples show how BTEs can be used to influence the dunning process.

- ▶ **Event 00001060:** Influence whether an item is dunned
 - ▶ In the SAP system, customer accounts that are maintained with direct debit payments aren't dunned in the normal dunning run. Using this BTE, you can allow dunning of direct debit customers.
 - ▶ Refer to SAP note 0000369620 for more details on this implementation.
- ▶ **Event 00001071:** Influence calculation of dunning charges
 - ▶ By default, dunning charges are issued based on dunning currency, which may be different from local currency. Using this BTE, you can choose the currency in which dunning charges are issued.
 - ▶ Refer to SAP note 0000825723 for more details on this implementation.
- ▶ **Event 00001720:** Printing of dunning notice
 - ▶ By default, the dunning program prints dunning forms based on SAPscripts. With the help of this BTE, you can use Smart Forms for printing dunning notices.
 - ▶ You can use the F150_DUNN_SF Smart Form as a template or reference while designing your own Smart Forms for dunning forms.

The configuration menu path to implement these BTEs is IMG • FINANCIAL ACCOUNTING • FINANCIAL ACCOUNTING GLOBAL SETTINGS • TOOLS • CUSTOMER ENHANCEMENTS • BUSINESS TRANSACTION EVENTS. The next section discusses available enhancement spots.

6.6.2 Enhancements

Using the following enhancements, you can add customer routines to expand the available dunning functionality in the SAP system.

- ▶ **F150D001:** Customer exits in program for printing dunning notices
 - ▶ This enhancement contains function module `EXIT_SAPF150D_001`, which is used to send dunning notices by fax or email.

6.7 Summary

We started this chapter with a discussion of parameters that influence the dunning processes in the SAP system. Dunning procedures bring these parameters together and play a central role in a dunning run, in which open items of customer or vendor accounts are evaluated and dunning notices are printed. Variations of the dunning process cater to business requirements such as dunning head office or local office, dunning one-time accounts, calculation of interest on overdue receivables, calculating dunning charges, and so on.

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