SUPPORT CORNER

HOW TO REFLECT PAYMENT BY RETAINER OR TRUST ON AN INVOICE

Background

The Retainer Applied as Payment (RAP) and Trust Applied as Payment (TAP) accounting functions are unique in that retainer/trust money is usually meant to pay an invoice that has not yet been generated. When you create the RAP/TAP transaction, there is no accounts receivable to apply it against. However, if you do not create the RAP/TAP transaction prior to generating the invoice, the invoice will print with a total amount due that is greater than what the Client-Matter actually owes.

To reflect a RAP or TAP as a payment on an invoice to be generated, simply enter a RAP/TAP transaction before the invoice is generated making sure you use a transaction date that is on or before the invoice date you will use when you create the invoice. Since there is not yet any AR you will save the RAP/TAP without applying or posting it. A TAP transaction may be entered using the AR Entry Program in the Accounts Payable, Voucher Entry program. A RAP may only be entered using the AR Entry Program. When a RAP/TAP is entered and saved through AR Entry or a TAP is entered, saved and posted through Voucher Entry, the Retainer/Trust balance for the Client-Matter is automatically reduced. The updated Retainer/Trust balance is immediately reflected in all Client-Matter screens and reports.

Now you will need to generate an invoice. Once you verify the invoice is correct you will need to post it. After the invoice has been posted, you then apply the RAP/TAP to that invoice and post the RAP/TAP (you can set the RAP/TAP to be automatically applied and posted by Orion when the invoice is posted - see below).

NOTE: The RAP/TAP must be applied and posted in order for it to reduce accounts receivable and in order to print a new invoice the next month.

Instructions

Below are detailed instructions on handling this in Orion. For purposes of these instructions, assume you have a Client-Matter with a retainer balance of $5,000.00, no current AR and $1,500.00 in WIP. The first example gives instructions on how to proceed if YOU want to apply the RAP/TAP to the generated invoice one it is posted.

1. Using the Bill Preparation program, make all necessary changes to the fees and disbursements to be billed. Once you have made the changes, click the **SAVE** Button and then access the **INVOICE RECAP** Button to see what the total charges are (in this case the total charges equal $1,500.00).
2. While still in Bill Preparation, click the **ACTION** Button and choose AR Account Transaction.
3. Enter a RAP transaction for $1,500.00 for the Client-Matter. Make sure the date of the transaction is on or before the invoice date you will use upon generation of the invoice. Save the RAP without applying it to anything (click **SAVE** Button - not the SAVE AND POST Button). Close the AR Transaction Entry window and you are back in the Bill Preparation window. (If you were using trust money, you could choose the Voucher Entry option, distribute the voucher to the Client-Matter using a TAP code and post the voucher).
4. Choose to generate the invoice (**GENERATE INVOICE** Button). Make sure you check the invoice date. If the invoice date is earlier than the date of the RAP/TAP you entered, the RAP/TAP will not show on the invoice. When the invoice is generated, the footer section will look similar to the following (depends on invoice style design):

Prior Balance:	$0.00
Current Charges:	$1,500.00
Less Retainer Applied as Payment:	$1,500.00
Total Due:	$0.00
Remaining Retainer Balance:	$3,500.00

5. If all is okay, you now need to post the invoice.
6. Once you have posted the invoice, go back into the AR Manager and locate the RAP/TAP. The easiest way to locate the RAP/TAP transaction is to click **ACTION**, Payment Application Posting. Locate and double click on the correct record to bring it up in the AR Entry view. Apply the RAP/TAP to the invoice you just posted and post the RAP/TAP. The process is completed.

If you would like Orion to automatically apply and post the RAP/TAP to the invoice after it has been posted, follow the steps below:

1. Using the Bill Preparation program, make all necessary changes to the fees and disbursements to be billed. Once you have made the changes, click the **SAVE** Button and then access the **INVOICE RECAP** Button to see what the total charges are (in this case the total charges equal $1,500.00).
2. While still in Bill Preparation, click the **ACTION** Button and choose AR Account Transaction.
3. Enter a RAP transaction for $1,500.00 for the Client-Matter. Make sure the date of the transaction is on or before the invoice date you will use upon generation of the invoice. Save the RAP without applying it to anything (click **SAVE** Button - not the SAVE AND POST Button). Close the AR Transaction Entry window and you are back in the Bill Preparation window. (If you were using trust money, you could choose the Voucher Entry option,

distribute the voucher to the Client-Matter using a TAP code and post the voucher).

4. Next click the **ACTION** Button and choose the Set Auto Apply Transactions option. Orion will list any unapplied and unposted CR, RAP and TAP transactions it finds for the Client-Matter. Check those you would like Orion to automatically apply and post for you (in this case, the $1,500,00 RAP transaction). Note that the program will not allow you to choose transaction or combination of transactions that is greater than the amount of the invoice you are getting ready to generate (see **INVOICE RECAP** Button).

5. Choose to generate the invoice (**GENERATE INVOICE** Button). Make sure you check the invoice date. If the invoice date is earlier than the date of the RAP/TAP you entered, the RAP/TAP will not show on the invoice. When the invoice is generated, the footer section will look similar to the following (depends on invoice style design):

Prior Balance:	$0.00
Current Charges:	$1,500.00
Less Retainer Applied as Payment:	$1,500.00
Total Due:	$0.00
Remaining Retainer Balance:	$3,500.00

6. If all is okay, you now need to post the invoice. As part of the invoice posting routine, Orion will also apply and post the RAP selected in Step 5 above.

IMPORTANT NOTE - if a transaction has been checked to be auto applied, it cannot be deleted through the AR Entry program until that checkmark has been removed (must be done through Bill Preparation), Also, if the above invoice were voided, the void process removes he checkmark from the auto apply option. You must re-select the transaction for auto apply.

Further Questions? Have a Support Tip idea? Let us know, at support@orionlaw.com.