

Adagio Payables

Correcting a check paid to the wrong vendor

1. The original invoice (whether entered via Manual Check processing or Invoice entry and a check run) had the following net effect:
 - a. Debit expense account(s)
 - b. Credit bank.

When the error is discovered:

2. Reverse the check in the check reconciliation. This will:
 - a. Debit bank
 - b. Credit Accounts Payable
 - c. Create a transaction marked RC (see Vendor transactions)
3. under invoice processing, create a credit note to offset the RC invoice, This will:
 - a. Debit Accounts Payable
 - b. Credit Bank
4. Enter an invoice for the correct vendor that debits bank for the full amount.
 - a. If done through Manual check processing this will:
 - i. Debit Bank
 - ii. Credit Bank
 - b. If done through invoicing/payment batch, this will:
 - i. Debit Bank
 - ii. Credit Accounts Payable
and the payment will:
 - iii. Credit Bank
 - iv. Debit Accounts Payable

The net effect of these steps:

- a. General ledger transactions
 - a. Debit expense account(s)
 - b. Credit Bank
- b. Accounts payable shows:
 - a. For wrong vendor:
 - i. Invoice
 - ii. Payment (reversed check number)
 - iii. Reverse payment
 - iv. Credit note
 - b. For correct vendor:
 - i. Invoice (but without transaction break-down)
 - ii. Payment (new check number)