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Simple, Transparent and Effective Processes
For Global Commerce

BUSINESS REQUIREMENTS SPECIFICATION (BRS)

Business Domain: Cross Industry – Supply Chain

Business Process: Remittance Advice process

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1. Preamble

This document describes the Remittance Advice process being a part of the payment process for communicating the Remittance Advice data related to the transfer of funds between trading partners such as the customer and the supplier in the Supply chain.

Started as an initiative by CEN/ISSS Work shop eBES, the European Expert Group 1 (EEG1) – Supply Chain & e-Procurement developed the Cross Industry Remittance Advice in 2004. The Cross Industry Remittance Advice has been compiled using the EUROFER ESIDEL version 1.0 as the base, with contributions and submissions from: EUROFER, GS1International, CIDX, EDIFICE, ODETTE International, the Corporate Reference Group, and the UN/EDIFACT Remittance Advice message.

The first draft of the Business Requirements Specification (BRS) was presented at the September 2004 UN/CEFACT Forum to the TBG1 members for review and comments from the other regions. The BRS was further developed with requirements contributed from the various TBG1 members, and from the Finance sector (TBG 5). The structure of the BRS was reworked according to the Buy-Ship-Pay process model developed by TBG 14. The high level entity model was based on the Buy-Ship-Pay information model jointly developed by TBG1, TBG2, TBG3, TBG5 and TBG18.

The purpose of this document is to define globally consistent ordering processes for worldwide supply chains, using the UN/CEFACT Modelling Methodology (UMM) approach and Unified Modelling Language to describe and detail the business processes and transactions involved.

The structure of this document is based on the structure of the UN/CEFACT Business Requirements Specification (BRS) document reference CEFACT/ICG/005.

2. References

- UN/CEFACT TBG1 Common Supply Chain BRS, Release 1
- UN/CEFACT Modelling Methodology (CEFACT/TMG/N090R10, November 2001)
- UN/EDIFACT – Remittance Advice message

3. Objective

The objective of this document is to standardize the Business Processes, the Business Transactions and the Information entities of the Remittance Advice used by the industries in the supply chain.

The Business Process is the detailed description of the way trading partners intend to play their respective roles, establish business relations and share responsibilities to interact efficiently with the support of their respective information systems.

Each Business Transaction is realized by an exchange of Business Documents (also called messages). The sequence in which these documents are used, composes a particular instance of a scenario and are presented as use cases in the document.

The business documents are composed of Business Information Entities (BIE), which are preferably taken from libraries of reusable business information entities. The contents of the business documents and the Business Information Entities are presented using class diagrams.

4. Scope

This section describes the extent and limits of the business process within the supply chain being described in this document.

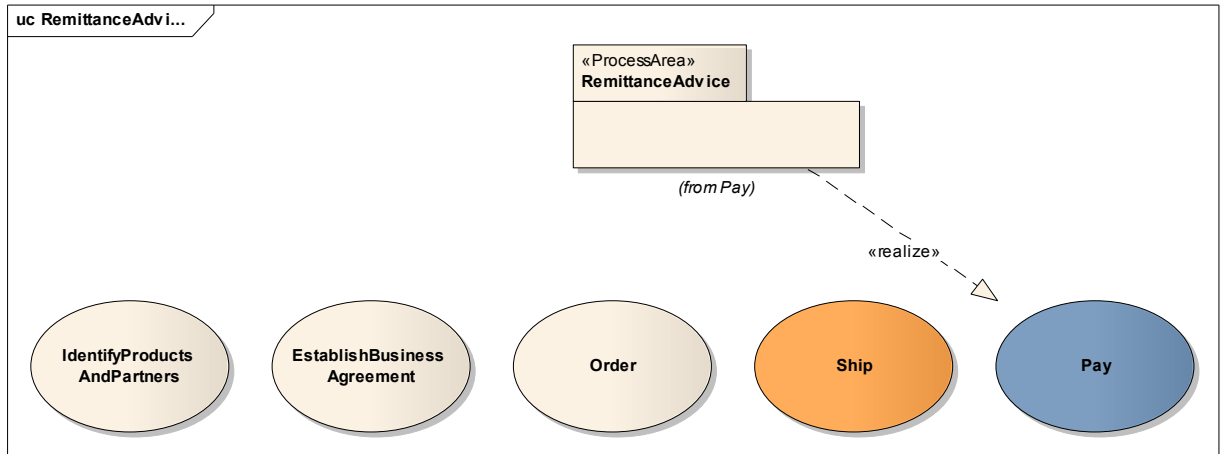


Figure 4-1 Positioning Cross Industry Remittance Advice within BUY-SHIP-PAY Process Model

Categories	Description and Values
Business Process	BUY-SHIP-PAY/Procurement&Sales/Pay/Remittance Advice
Product Classification	All
Industry Classification	All
Geopolitical	Global
Official Constraint	None
Business Process Role	Customer , Supplier
Supporting Role	Customer'sBank, Supplier'sBank
System Capabilities	No limitations

In the payment cycle the transfer of funds takes place between the customer and the supplier in settlement of the amounts that are due for the supply of goods and services. On a date prior to, or synchronous with, the payment date, information about the transfer of funds, the Remittance Advice data, is exchanged between the parties involved.

The following functions comprise the payment cycle:

- The generation of the Remittance Advice based on invoices, credit notes, debit notes that are to be paid
- The communication of the remittance data between the customer and the supplier in a Remittance Advice. Similarly if the remittance data are to be embedded in the payment order,
- The reconciliation by the paying organization of the confirmation from the buyer's bank that the payment has been executed with the "Payments in Transit".

- The reconciliation by the receiving organization of the remittance data (either the separate Remittance Advice or the invoices, or Credit Advice) with the open invoices in the Accounts Receivable system.

To simplify the description the parties involved are limited to customer, supplier and their respective banks. In the total trade process, each of the parties can play more than one role. For the payment cycle, the customer can act also as consignee, invoicee and payer. The supplier covers the roles of seller, consignor, sales agent or sales company, payee or factoring company.

To ensure that the payments of the invoices are in line with the common business practice used between different industry and trade sectors, the following scenarios are used:

1. The Remittance Advice is sent directly between the customer and the supplier, or
2. The remittance details are embedded within the payment order and the bank generates a separate Remittance Advice message, to be delivered to the payee, or
3. The Remittance Advice is sent indirectly in a form embedded within the payment order, exchanged through the buyer's bank to the supplier's bank and delivered to the payee in the Credit Advice or bank communication.

These processes are illustrated in the Use Case Diagram, figure 2, below. Scenario 2 and 3 are not further elaborated in this BRS. They will be included in the BRS of the Extended Payment Order where the Remittance Advice data are embedded in the Payment Order. This BRS falls within the remit of the TBG5 Finance Group.

5. Business Requirements View

5.1. Business Process Elaboration

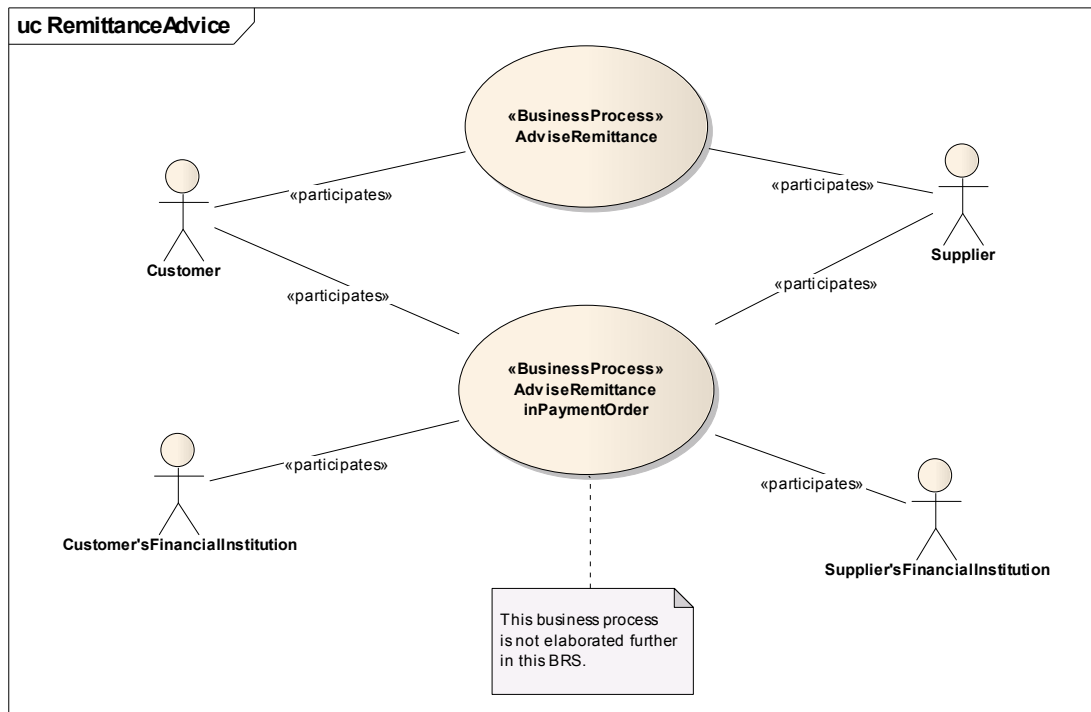


Figure 5-1 Business Domain Use Case Diagram

5.1.1. Advise Remittance Process

This process supports the generation and communication of the Remittance Advice by the customer to the supplier. The Remittance Advice provides a detailed accounting relative to a payment, or other form of financial settlement, in respect of the provision of goods, services provided by the supplier, or other transaction involving a payment.

5.1.1.1. Scope

The Remittance Advice process will be used to allow the customer to inform the supplier of detailed information relative to a payment, or other form of financial settlement for the provision of goods and/or services provided by the supplier.

The Remittance Advice will give an overview of the invoices, credit notes and debit notes that are taken in account in the payment order given by the customer to his bank for the transfer of funds to the supplier. It also specifies the identification and the requested execution date of the Payment Order.

Electronic transmission of the Remittance Advice message from customer to supplier is the basic scenario, an "electronic work environment (Electronic market place)" may be used as intermediary to distribute the Remittance Advice.

5.1.1.2. Definition

The Remittance Advice process is the mechanism by which the customer informs the supplier about the underlying details of the transfer of funds. This process should relate to the process of transfer of funds between the parties and the respective banks specified in the payment order process.

5.1.1.3. Principles

The customer has the obligation to provide the details of the payment order to the supplier, allowing the supplier to automatically reconcile incoming payments. Any deviation from the original invoice amount must be specified in the Remittance Advice.

The supplier has the obligation to reconcile the Remittance Advice against the outstanding invoices, credit notes and debit notes. The supplier should report to the customer any inaccuracy in transfer of funds by comparison of the invoices with the specification in the Remittance Advice.

Based on the conditions agreed between the customer and supplier, the customer shall select payable invoices and initiate the Remittance Advice in combination with the transfer of funds specified in the payment order process. The customer sends the Remittance Advice to the supplier directly or embedded in a Payment order. When the supplier receives the Remittance Advice, he reconciles the contents of the Remittance Advice against the outstanding invoices, credit notes and debit notes, closing the matched invoices and booking the total amount of the Remittance Advice as "Remittance in Transit".



Note: this is called "operational reconciliation".

The supplier checks the payment amount mentioned in the Remittance Advice with the amount received from his bank (see details in the payment order process).



Note: this is called "financial reconciliation".

If there is any discrepancy detected by supplier, the supplier should inform the customer so that he is able to correct the payment.

5.1.1.4. Use case description

Business process name	AdviseRemittance
Identifier	Cross industry Remittance Advice process
Actors	Customer, Supplier
Description	<p>The customer provides to the supplier for the settlement of the invoices, credit notes and debit notes a detailed statement of the Invoices settled and funds (to be) transferred (Remittance Advice) The supplier reconciles the Remittance Advice with the outstanding invoices, credit notes and debit notes.</p> <p>The Remittance Advice may be sent in advance to allow the supplier's Accounts Receivable department to match and close open invoices. Though the Remittance Advice is not "a promise to pay", it is common practice that the payment is actually executed at the date indicated in the Remittance Advice, so the supplier can use this advanced information for Cash planning purposes.</p>
Pre-condition	The supplier has provided goods and/ or services according to the conditions set in the contract and/or order. The customer has received the goods and/or services, and the payment is authorised for execution at the date determined by invoice date and payment terms. The Customer is ready to inform the supplier about the remittance being made.
Post-conditions	The supplier is adequately informed about the invoices and/or invoice items being settled by the payment being made.
Scenario	<p>Based on the agreed payment conditions between the parties, the customer will generate the Remittance Advice when the payment order is given to his bank for the transfer of funds to the supplier.</p> <p>Once the Remittance Advice has been received, the supplier reconciles the Remittance Advice with the outstanding invoices, credit notes and debit notes.</p> <p>If there is any discrepancy found, the supplier shall inform the customer.</p>
Remarks	

5.1.1.5. Business Process Activity diagram

This shows the activities carried out by the Customer and Supplier in the exchange of remittance advice information and the state of the Remittance Advice Entity. The resolution of any discrepancies between the payment, the remittance advice, and the relevant invoices etc is not developed further in this BRS.

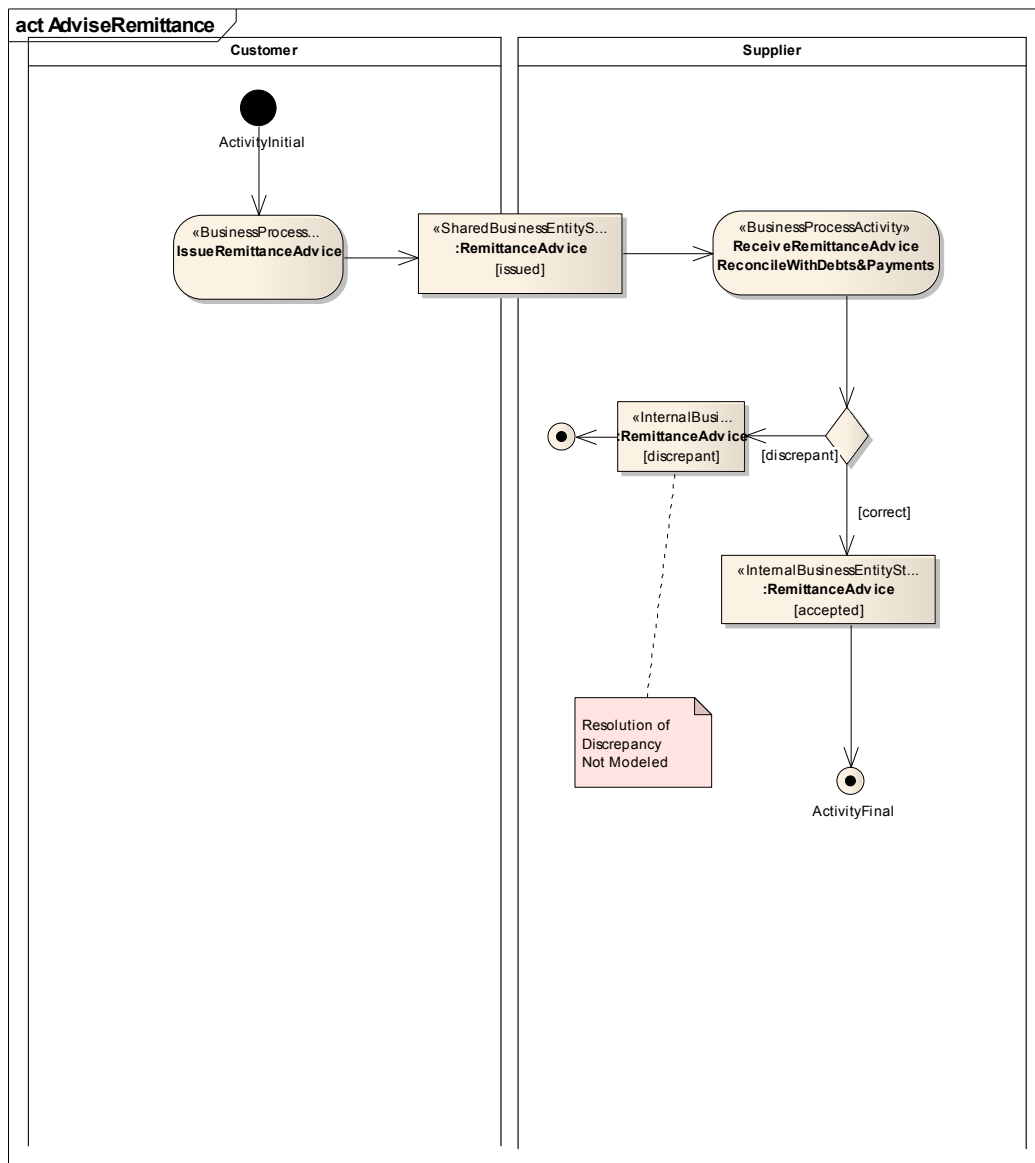


Figure 5-2 AdviseRemittance - Business Process Activity Diagram

5.1.1.6. Business Entity- LifeCycle diagram

The Remittance Advice Business Entity has the state “Issued” as a result of the exchange of information between the Customer and Supplier in the AdviseRemittance Process. Following “reconciliation” of the payment, the remittance advice and the corresponding invoices etc, the Supplier will recognize the state of the Remittance Advice Entity as “accepted “. If there is a discrepancy, he will recognize the state as “discrepant”. The Customer will not be aware of these later states until the Supplier communicates with the Customer. This is outside the scope of this BRS.

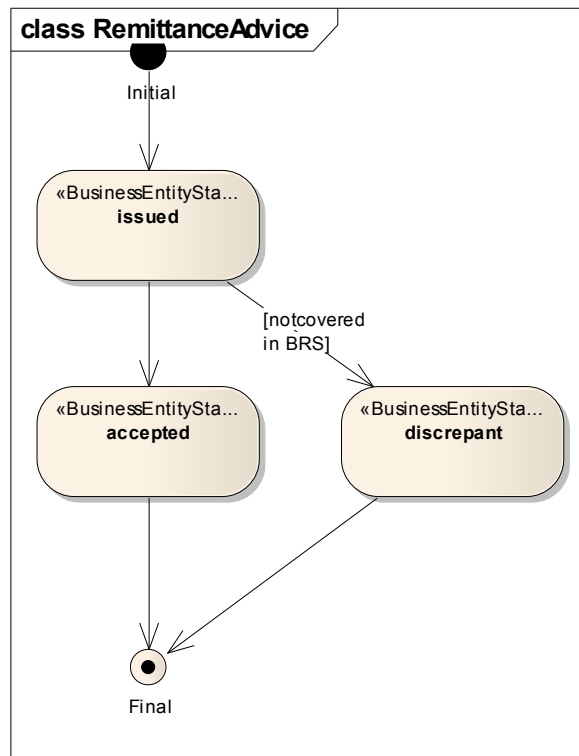


Figure 5-3 Entity States of the Remittance Advice Entity

5.1.1.7. Advise Remittance (Business Collaboration)

The Remittance Advice Process consists of a single Business Transaction and thus the Business Collaboration Use Case is also a simple one. Figure 10, below shows the BusinessCollaboration Realisation Use Case and the links between the Customer and Supplier Business Partner Types and the authorized roles of Payor and Payee.

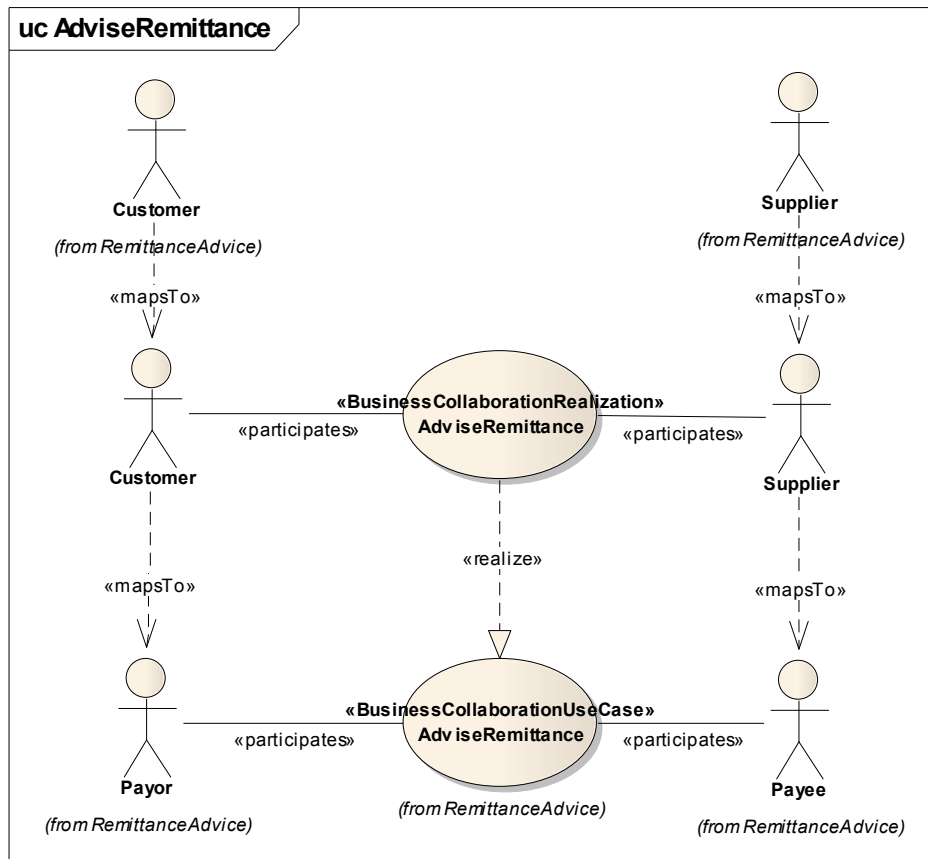


Figure 5-4 AdviseRemittance - Business Collaboration Realisation Use Case Diagram

5.2. Information Flow Definition

5.2.1. Issue Remittance Advice (Business Transaction)

5.2.1.1. Business Transaction - Use Case Diagram

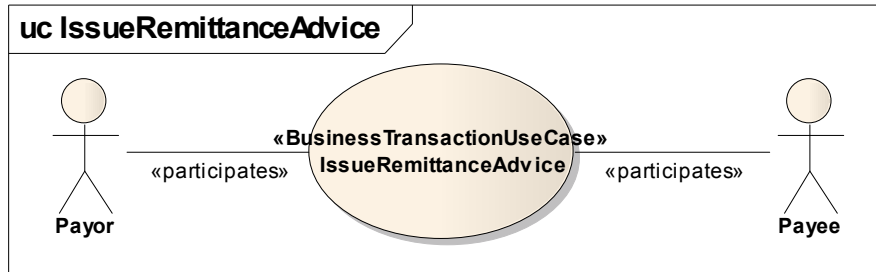


Figure 5-5 IssueRemittanceAdvice - Business Transaction Use Case

5.2.1.2. Business Transaction - Use Case Description

Business Transaction	
Identifier	IssueRemittance Advice
Description	The Payer raises and sends a Remittance Advice to the Payee. When the Payee receives the Remittance Advice, he checks the Remittance Advice against the outstanding invoices, credit notes and debit notes and against the amount received. If there is any discrepancy detected the Payee shall inform the Payer.
Authorized Roles	Payer Payee
Legal Steps/Requirements	None
Economic Consequences	None
Initial/Terminal Events	<ul style="list-style-type: none"> Initial: the Payee sends the Remittance Advice Terminal: the Payor receives the Remittance Advice.
Scope	To inform about the transfer of funds and the related invoices, credit notes and debit notes.
Boundary	Not defined yet
Constraints	The customer shall have full traceability of his Remittance Advice to make sure it has been received. Failing this technical acknowledgement, the customer shall re-issue his Remittance Advice message

5.2.1.3. Business Transaction - Interaction View

This activity diagram shows the Remittance Advice “Information Envelope” that is provided by the Payor to the Payee.

The data content of the "Information Envelope" is specified in the Information Model and detailed data listings in section 5.3.

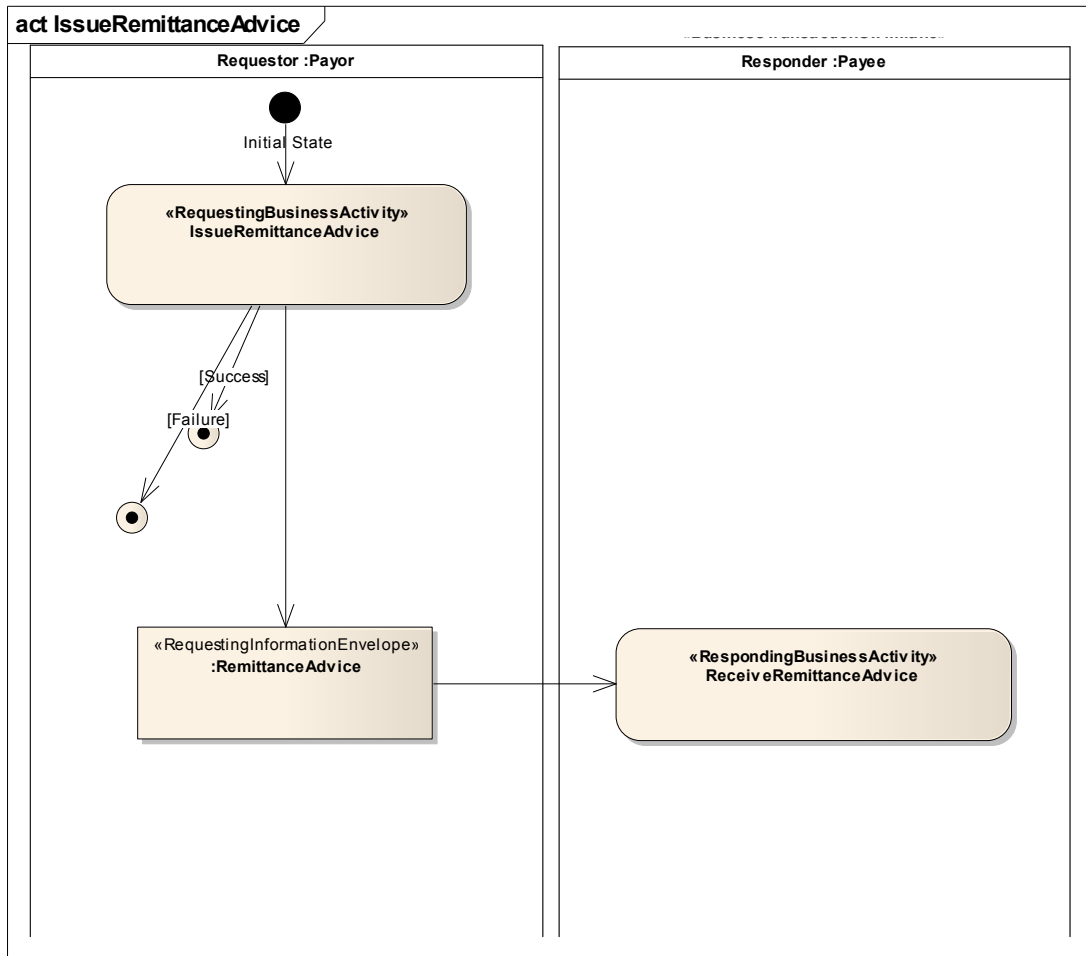


Figure 5-6 Issue Remittance Advice Transaction-Activity diagram

5.3. Information Model Definition

5.3.1. Business Entity Relationships

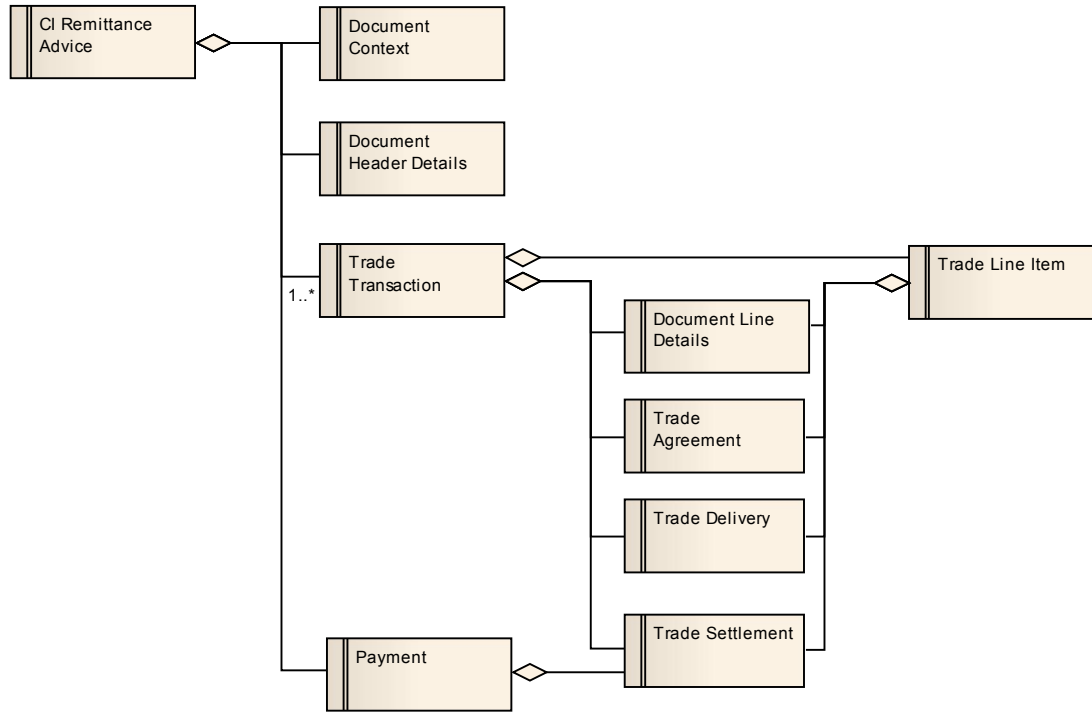


Figure 5-7 Business Entity Class Diagram

5.3.2. Business Documents

5.3.2.1. Remittance Advice (Business Document)

Table 5-1 Business Requirements List

UID	Crđ	Short Name	Business Requirement	Rationale / Example / Mapping Notes
Grouping of document details				
1	1..1	Document Information	Generic document.	
2	1	Remittance advice number	The unique number given by the issuer to identify a remittance advice.	
3	1	Remittance advice date time	The date/time when the remittance advice was issued.	
4	0..1	Remittance advice note	The free text information related to the complete remittance advice.	

UID	Crd	Short Name	Business Requirement	Rationale / Example / Mapping Notes
		Payment		
		-- Trade Settlement (Payment Level)		
10	0..1	Total amount remitted	The total amount of the remittance advice paid or to be paid.	TBG5 Instructed Amount
11	0..n	Equivalent Amount	A monetary value transferred as an equivalent amount in the credit transfer payment, such as the amount transferred between debtor and creditor, before deduction of charges, expressed in the currency of the debtor's account, and transferred into a different currency.	TBG5 new requirement
12	0..1	Requested Execution Date	The date, time, date time or other date time value of the requested execution of the payment.	TBG5 new requirement
13	0..1	Payment currency exchange	The exchange rate used for the conversion of the payment currency from a source currency.	TBG5 Exchange Rate Information (decided to put this on transaction level as well as on payment level)
14	1	Payment date	The date on which an amount due is made available to the creditor, in accordance with the terms of payment.	
15	1	Payer	The entity contains the details of the payer.	TBG5 Debtor
16	1	Payee	The entity contains the details of the payee.	TBG5 Creditor
17	0..1	Payer financial institution	The entity contains the details of the financial institution of the payer.	TBG5 Debtor Agent
18	0..1	Payee financial institution	The entity contains the details of the financial institution of the payee.	TBG5 Creditor Agent
19	0..1	Payer Financial Account	The entity contains the details of the the account holder name and account number of the payer.	TBG5 Debtor Account
20	0..1	Payee Financial Account	The entity contains the details of the account holder name and account number of the payee.	TBG5 Creditor Account
21	0..1	Payment order number	The number given by the payer to the payment order sent to the payers' financial institution.	TBG5 Payment Instruction Identification.

UID	Crd	Short Name	Business Requirement	Rationale / Example / Mapping Notes
22	0..1	Payment End to End Identification	The unique identifier for the end-to-end processing of this credit transfer payment transaction instruction, such as an identifier assigned by an initiating party to unambiguously identify the transaction.	TBG5 new requirement
		- Trade Transaction 1..*		
		-- Trade Agreement (Transaction Level)		
30	0..1	Buyer	The entity contains the details of the buyer.	
31	0..1	Seller	The entity contains the details of the seller.	
32	0..1	Customer order reference	The unique identifier of the order assigned by the customer to an order and the issuing date.	
33	0..1	Supplier order reference	The unique identifier of the order assigned by the supplier to an order and the issuing date.	
		-- Trade Settlement (Transaction Level)		
50	0..1	Invoicer	The entity contains the details of the invoicer.	TBG5 Remittance Info: new requirement
51	0..1	Invoicee	The entity contains the details of the invoicee.	TBG5 Remittance Info: new requirement
52	0..1	Amount due	The actual amount due of the invoice in function of the payment conditions of the invoice.	TBG5 Remittance Info: Due payable Amount
53	0..1	Amount remitted	The actual amount paid, or to be paid.	TBG5 Remittance Info: Due payable Amount
54	1	Total invoice amount	The total amount of the invoice, being the sum of total invoice line amount, total invoice additional amount and total tax fee amount.	
55	1	Total amount subject to payment discount	The total amount of the remittance advice, being the sum of total remittance advice line amount subject to payment discount.	
56	0..1	Total payment discount amount	The total amount of the payment discount.	TBG5 Remittance Info: Discount Applied Amount

UID	Crđ	Short Name	Business Requirement	Rationale / Example / Mapping Notes
57	0..1	Payment currency	The coded identifier of the monetary unit to be used for the payment of an invoice.	
58	0..1	Payment currency exchange	The exchange rate used for the conversion of the payment currency from a source currency.	TBG5 Exchange Rate Information (decided to put this on transaction level as well as on payment level)
59	0..1	Payer payment reference number	The reference number assigned by the payer for the identification of the payment of an accounting document (invoice).	
60	0..1	Invoicing party payment reference number	The invoice issuer reference number to be mentioned at the payment of a commercial transaction. This reference number is provided on the invoice, credit note or debit note.	TBG5 Remittance Info: Creditor Reference Information
61	0..*	Invoice Referenced Document	Invoice type code : The code specifying the invoice type (e.g. invoice, debit note, credit note). Invoice number: The unique number assigned by the issuer to identify an invoice. Invoice date time: The date/time when the invoice is issued.	TBG5 Remittance Info: Referred Document Information.
62	0..*	Financial adjustment	The entity to identify the adjustment reason of the difference between the amount due and the amount remitted of a commercial trade transaction.	TBG5 Remittance Info: Financial Adjustment Information
63	0..1	Note	The free text information on trade transaction level in the remittance advice.	
		-- Trade Line Item 1..*		
		-- Trade Settlement (Line Item level)		
80		Invoice Line Referenced Document	Invoice Line Number.	TBG5 Remittance Line: Line Item identification
81	0..1	Amount due	The actual amount of the invoice in function of the payment conditions of the invoice.	TBG5 Remittance Line: due payable amount

UID	Crd	Short Name	Business Requirement	Rationale / Example / Mapping Notes
82	0..1	Amount remitted	The actual amount paid, or to be paid.	TBG5 Remittance Line: remitted amount
83	0..*	Financial adjustment	The entity to identify the adjustment reason of the difference between the amount due and the amount remitted of a commercial trade transaction.	TBG5 Remittance Line: Financial Adjustment Information
84	0..1	Payer payment reference number	The reference number assigned by the payer for the identification of the payment of an accounting document (invoice).	
85	0..1	Invoicing party payment reference number	The invoice issuer reference number to be mentioned at the payment of a commercial transaction. This reference number is provided on the invoice, credit note or debit note.	
86	0..1	Note	The free text information on trade line item level in the remittance advice.	

5.4. Business Rules

n/a

5.5. Definition of Terms

Regarding the Definition of Terms please refer to the TBG 1 Common Supply Chain BRS and the TBG17 Controlled Vocabulary.