Acumatica
The Cloud ERP

# P200 Project Accounting Extended Scenarios

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# Timing and Agenda

**May 16, 2023 -10 AM -11 PM**

**Day 1**

**Lesson 1: Implementing Two-Tier Change Management**

**Lesson 2: Capturing Project Overhead**

**May 17, 2023 -10 AM -11 PM**

**Day 2**

**Lesson 3: Forecasting the Budget by Period**

**Lesson 4: Controlling the Budget on Document Entry**

**Lesson 5: Correcting Pro Forma Invoices**

**Lesson 6: Correcting Actual Income of Projects**

# Timing and Agenda

**May 18, 2023 -10 AM -11 PM**

**Day 3**

**Lesson 7: Accounting for WIP Costs in Cost-Plus Projects**

**Lesson 8: Configuring Employee-Specific Billing Rates**

**Lesson 9: Configuring Complex Billing Rates**

**May 19, 2023 -10 AM -11 PM**

**Day 4**

**Lesson 10: Processing Employee Expenses Paid with Corporate Cards**

**Lesson 11: Configuring Labor Cost Rates**

**Lesson 12: Tracking Employee Work in Projects**

# Company Story

This topic explains the organizational structure and operational activity of the company you will work with during this training.

## Company Structure

The SweetLife Fruits & Jams company is a midsize company located in New York City. The company consists of the following branches:

- SweetLife Head Office and Wholesale Center: This branch of the company consists of a jam factory and a large warehouse where the company stores fruit (purchased from wholesale vendors) and the jam it produces. Warehouse workers perform warehouse operations by using barcode scanners or mobile devices with barcode scanning support.

- SweetLife Store: This branch has a retail shop with a small warehouse to which the goods to be sold are distributed from the company's main warehouse. This branch is also planning on selling goods via a website created on an e-commerce platform to accept orders online. The e-commerce integration project is underway.

- Service and Equipment Sales Center: This branch is a service center with a small warehouse where juicers are stored. This branch assembles juicers, sells juicers, installs juicers, trains customers' employees to operate juicers, and provides juicer servicing.

# Day 1

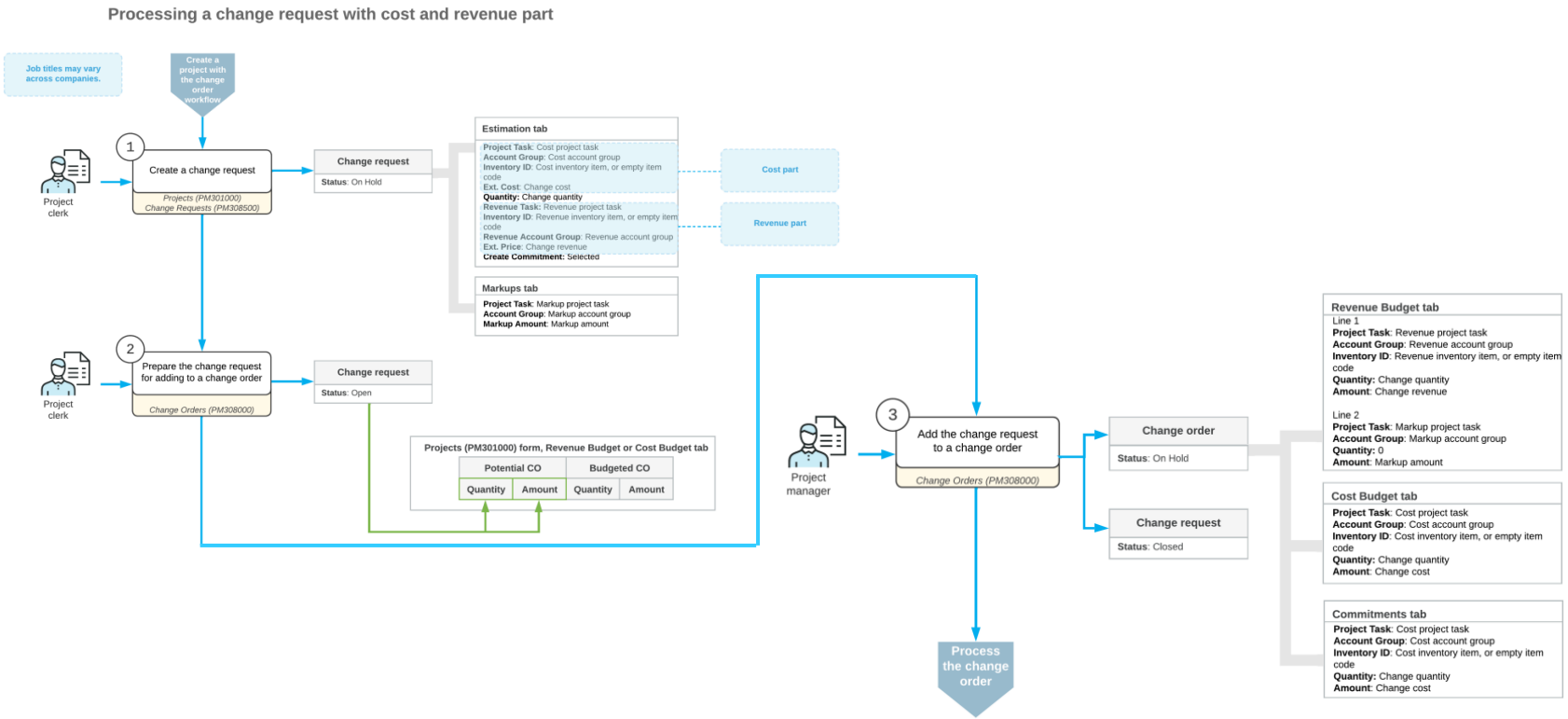
# Lesson 1: Implementing Two-Tier Change Management

## Learning Objectives

In this lesson, you will learn how to do the following:

- Configure a change order class that supports the two-tier change management
- Configure default markups
- Create a change request to update the project budget
- Create a change order based on the change request
- Process a change request with a cost change order
- Process a change request with a revenue change order
- Cancel a change request
- Close a change request

# Figure: Workflow of Processing a Change Request



# Change Requests: Implementation Activity

Suppose that you, as the system administrator, need to configure two-tier change management so that the change requests to projects can be processed in the system. Also, you need to configure the following price markups to be applied to the new projects:

- A default price markup of 25% is to be applied to each individual change made with a change request
- 8% overhead #1 to be applied to an entire change request
- 4% overhead #2 to be applied to an entire change request
- 5% of all the previously charged markups to be applied to an entire change request (cumulative)
- A flat fee of $100 per change request You also need to specify price markups for the ITALIAN project, which has already been created in the system. Acting as the system administrator, you will perform these tasks.

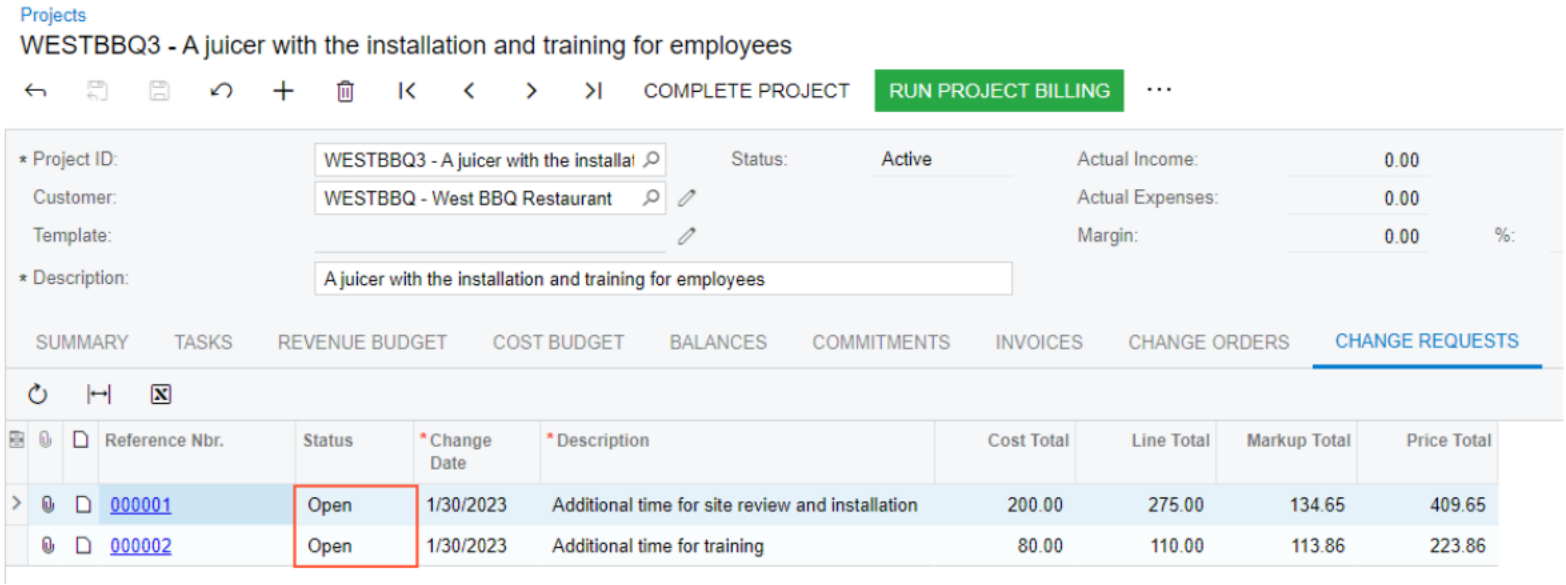
# Change Requests: Process Activity

Suppose that the West BBQ Restaurant customer has ordered a juicer, along with the following services from the SweetLife Fruits & Jams company: two hours of site review, four hours of installation, and eight hours of employee training on operating the juicers. The SweetLife company has contracted the Squeezo Inc. vendor to provide the juicer and perform the installation while SweetLife will perform the services of site review and training.

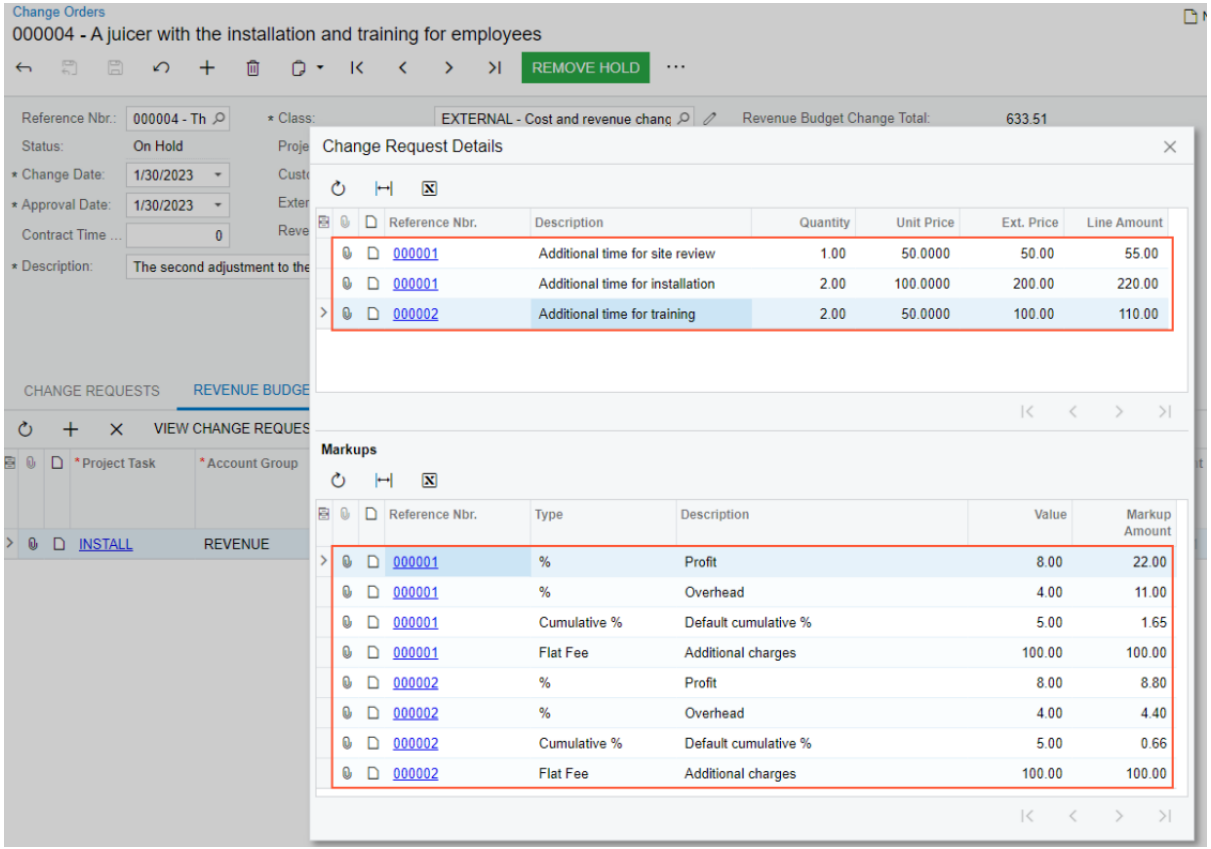
Acting as SweetLife's project accountant, you will create a project. SweetLife's consultant will provide the service of site review and you will then realize that the following adjustments to the project should be agreed upon with the customer: the site review, which has taken an additional hour beyond what was planned, has shown that the installation of the juicer will take two hours beyond the planned time frame. The customer will then ask you for an additional staff person to be trained, so the training will take two additional hours.

You will make the needed corrections to the project budget by using change requests.

# Figure: Change requests related to the project



# Figure: Lines of the change request and corresponding markups



# Lesson 2: Capturing Project Overhead

## Learning Objectives

In this lesson, you will learn how to do the following:

- Configure an allocation rule to capture project overhead as a percentage of incurred costs
- Capture the overhead on the project

# Overhead in the Project Budget: Implementation Activity

Suppose that the project manager of the SweetLife Fruits & Jams company wants to estimate the project costs considering the administrative overhead of the project management to be able to estimate the project profitability more accurately. The company estimates the project overhead as 20% of labor costs, such as a worker's time spent on performing the project.

Acting as SweetLife's implementation manager, you need to configure an allocation rule to capture the project overhead as 20% of labor costs to reflect the overhead in the project budget. Because the administrative overhead is already presented in the general ledger in the form of transactions that are not classified against projects, you do not need to post to the general ledger allocation transactions that are created.

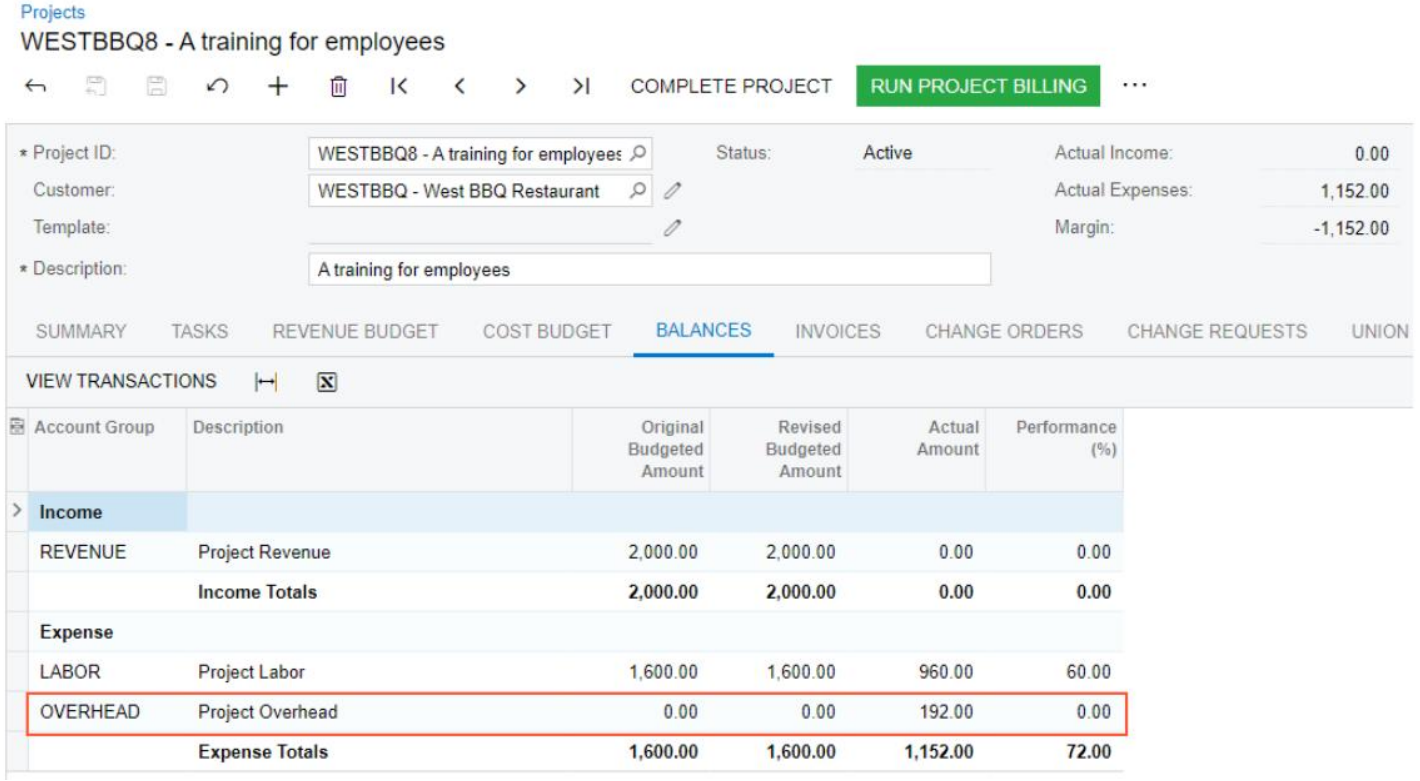
# Overhead in the Project Budget: Process Activity

Suppose that the West BBQ Restaurant customer ordered 40 hours of new-employee training on operating juicers from the SweetLife Fruits & Jams company. The parties agreed that the project should be billed in the amount of $2,000 when the services were provided.

SweetLife's project manager created a project to account for the provided services. Then suppose that starting from 1/27/2023, a consultant of SweetLife provided three days of training (24 hours) and SweetLife's project accountant entered the corresponding project transaction.

Acting as the project accountant, while preparing monthly reports for the project manager, you need to estimate the project costs that have been already incurred considering the administrative overhead, which is 20% of labor costs.

# Figure: The captured overhead in the project expenses




| Account Group | Description | Original Budgeted Amount | Revised Budgeted Amount | Actual Amount | Performance (%) |
|---|---|---|---|---|---|
| **Income** | | | | | |
| REVENUE | Project Revenue | 2,000.00 | 2,000.00 | 0.00 | 0.00 |
| | **Income Totals** | **2,000.00** | **2,000.00** | **0.00** | **0.00** |
| **Expense** | | | | | |
| LABOR | Project Labor | 1,600.00 | 1,600.00 | 960.00 | 60.00 |
| OVERHEAD | Project Overhead | 0.00 | 0.00 | 192.00 | 0.00 |
| | **Expense Totals** | **1,600.00** | **1,600.00** | **1,152.00** | **72.00** |

# Day 2

# Lesson 3: Forecasting the Budget by Period

## Learning Objectives

In this lesson, you will learn how to do the following:

- Create a budget forecast for a project
- Add financial periods to the budget forecast
- Distribute budgeted values among the financial periods
- Update the project budget based on the forecast
- Update the financial periods in the forecast based on the updated actual values

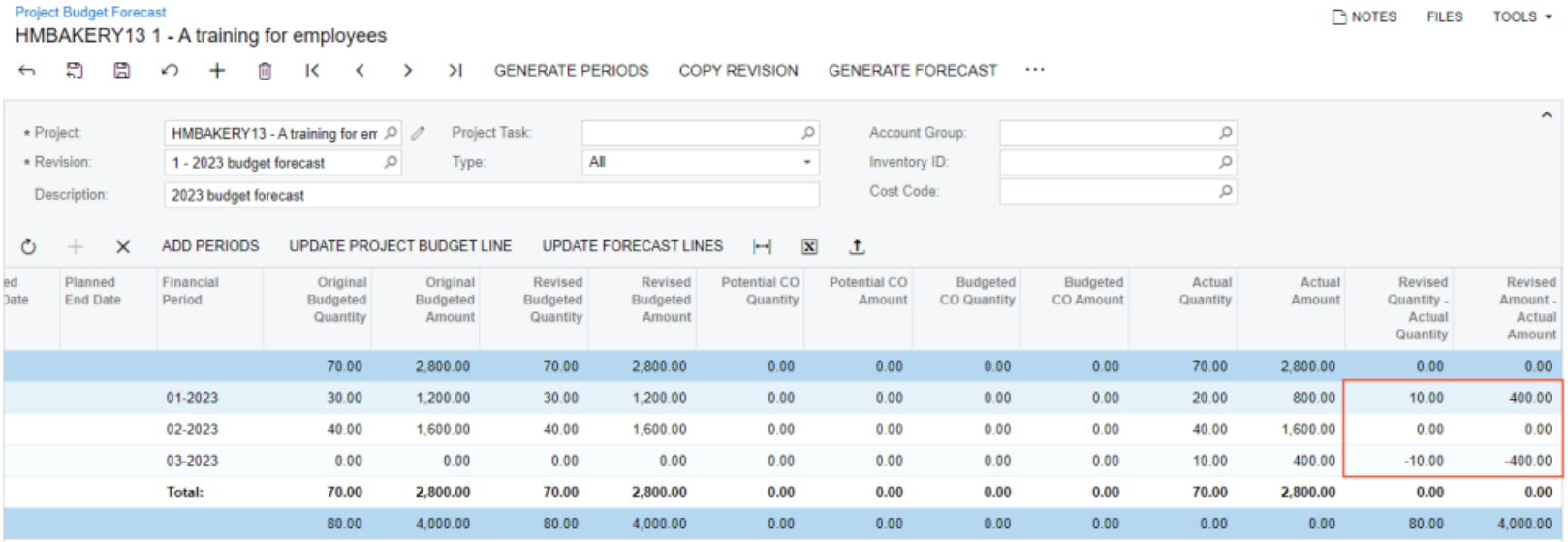
# Project Budget Forecasts: Process Activity

Suppose that the HM's Bakery and Cafe customer has ordered 80 hours of new-employee training on operating juicers from the SweetLife Fruits & Jams company. SweetLife's project manager has created a project to account for the provided training.

The project accountant of SweetLife has been asked to prepare a budget forecast by periods to be able to compare and analyze monthly budgets versus actual costs within the project work breakdown structure. Because the training will take place in January and February, the project accountant wants to distribute the total budget across the periods when this work is going to be performed for further review and analysis of budget performance.

Acting as the project accountant, you will create a project budget forecast. Distributing the budget across periods, you will realize that the budget requires an update. You will update the project budget based on the budget forecast. When the training takes place, you will update the progress of the project and review the budget forecast.

# Figure: Tracking budget performance by periods




| ed Date | Planned End Date | Financial Period | Original Budgeted Quantity | Original Budgeted Amount | Revised Budgeted Quantity | Revised Budgeted Amount | Potential CO Quantity | Potential CO Amount | Budgeted CO Quantity | Budgeted CO Amount | Actual Quantity | Actual Amount | Revised Quantity - Actual Quantity | Revised Amount - Actual Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 70.00 | 2,800.00 | 70.00 | 2,800.00 | 0.00 | 0.00 | 0.00 | 0.00 | 70.00 | 2,800.00 | 0.00 | 0.00 |
| | | 01-2023 | 30.00 | 1,200.00 | 30.00 | 1,200.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 800.00 | 10.00 | 400.00 |
| | | 02-2023 | 40.00 | 1,600.00 | 40.00 | 1,600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40.00 | 1,600.00 | 0.00 | 0.00 |
| | | 03-2023 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.00 | 400.00 | -10.00 | -400.00 |
| | | **Total:** | **70.00** | **2,800.00** | **70.00** | **2,800.00** | **0.00** | **0.00** | **0.00** | **0.00** | **70.00** | **2,800.00** | **0.00** | **0.00** |
| | | | 80.00 | 4,000.00 | 80.00 | 4,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 80.00 | 4,000.00 |

# Lesson 4: Controlling the Budget on Document Entry

## Learning Objectives

In this lesson, you will learn how to do the following:

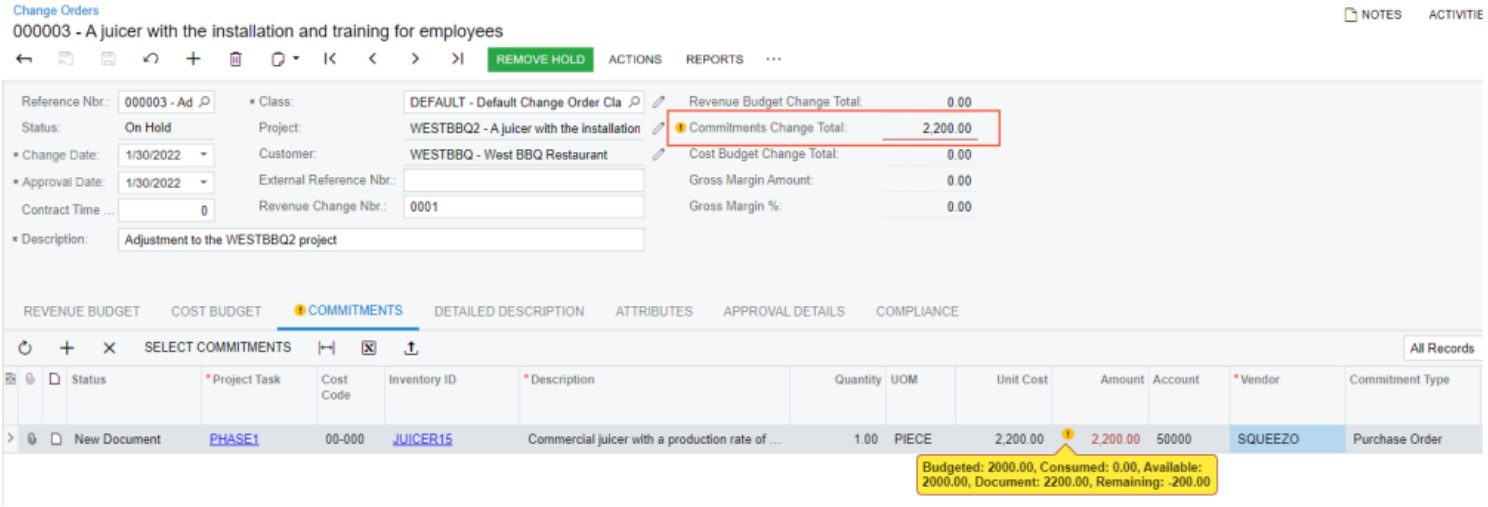
- Control whether AP bills created for a project exceed the project budget
- Control whether purchase orders created for a project exceed the project budget
- Control whether change orders created for a project exceed the project budget

# Project Budget: To Control the Budget During Document Entry

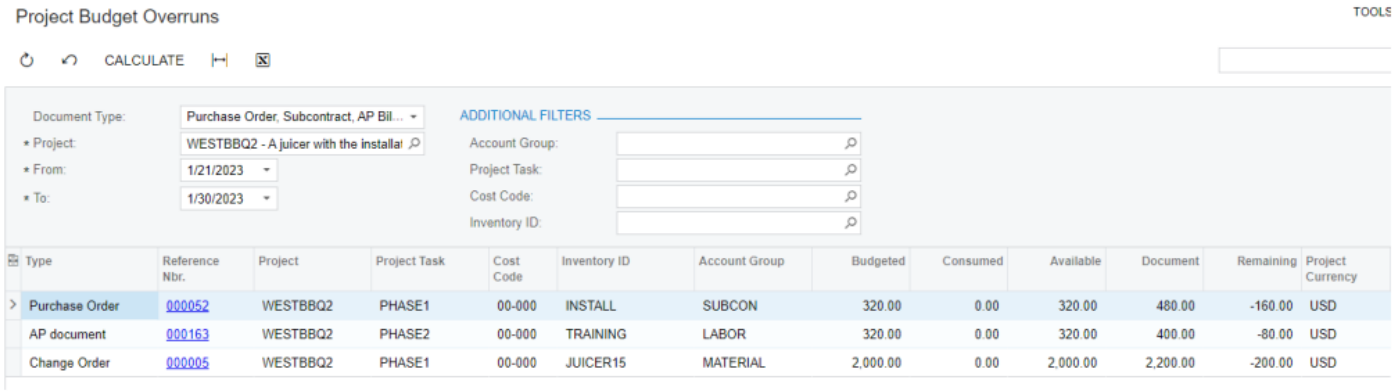
Suppose that the West BBQ Restaurant customer has ordered a juicer from the SweetLife Fruits & Jams company, along with the installation and training on operating the juicer. The SweetLife company contracted the Squeezo Inc. vendor for all the services. SweetLife's project accountant has created the project. The vendor has delivered and installed the juicer, and Squeezo's consultant has provided the training. Then suppose that the project accountant noticed that the juicer has cost an extra $200 beyond the budgeted amount, and the installation and the training have taken two hours more than the number of hours budgeted.

Acting as SweetLife's project accountant, you will enter a change order to adjust the cost of the juicer, an accounts payable bill for the provided training, and a purchase order for the installation service, checking whether the costs are within the project budget.

# Figure: The amount that exceeds the project budget



# Figure: Budget overruns of the project




| Type | Reference Nbr. | Project | Project Task | Cost Code | Inventory ID | Account Group | Budgeted | Consumed | Available | Document | Remaining | Project Currency |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchase Order | 000052 | WESTBBQ2 | PHASE1 | 00-000 | INSTALL | SUBCON | 320.00 | 0.00 | 320.00 | 480.00 | -160.00 | USD |
| AP document | 000163 | WESTBBQ2 | PHASE2 | 00-000 | TRAINING | LABOR | 320.00 | 0.00 | 320.00 | 400.00 | -80.00 | USD |
| Change Order | 000005 | WESTBBQ2 | PHASE1 | 00-000 | JUICER15 | MATERIAL | 2,000.00 | 0.00 | 2,000.00 | 2,200.00 | -200.00 | USD |

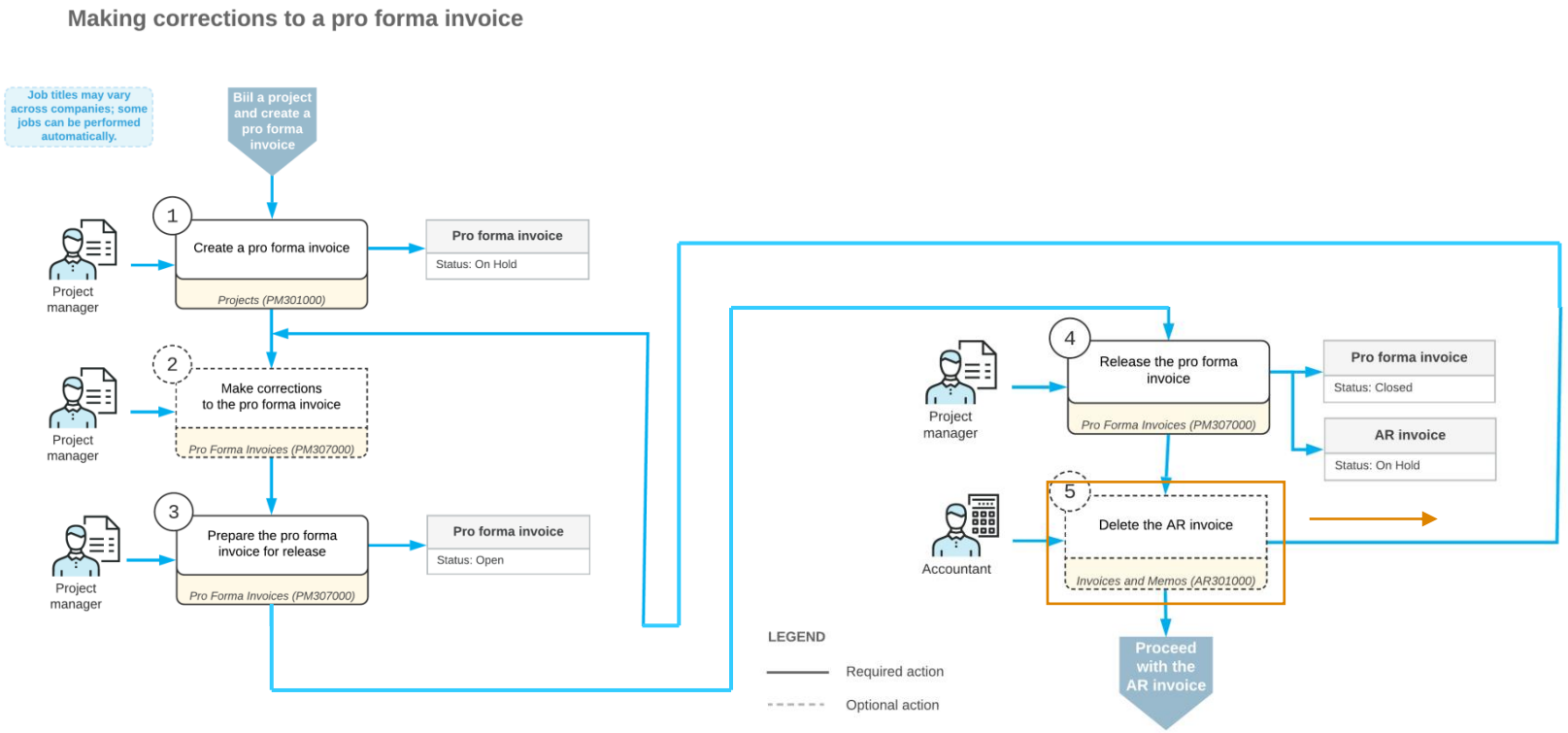
# Lesson 5: Correcting Pro Forma Invoices

## Learning Objectives

In this lesson, you will learn how to do the following:

- Add to the pro forma invoice an extra adjustment line that does not originate from project transactions
- Postpone the billing of a pro forma invoice line
- Write off a pro forma invoice line partially or fully

# Figure: Workflow of Adjusting Pro Forma Invoices

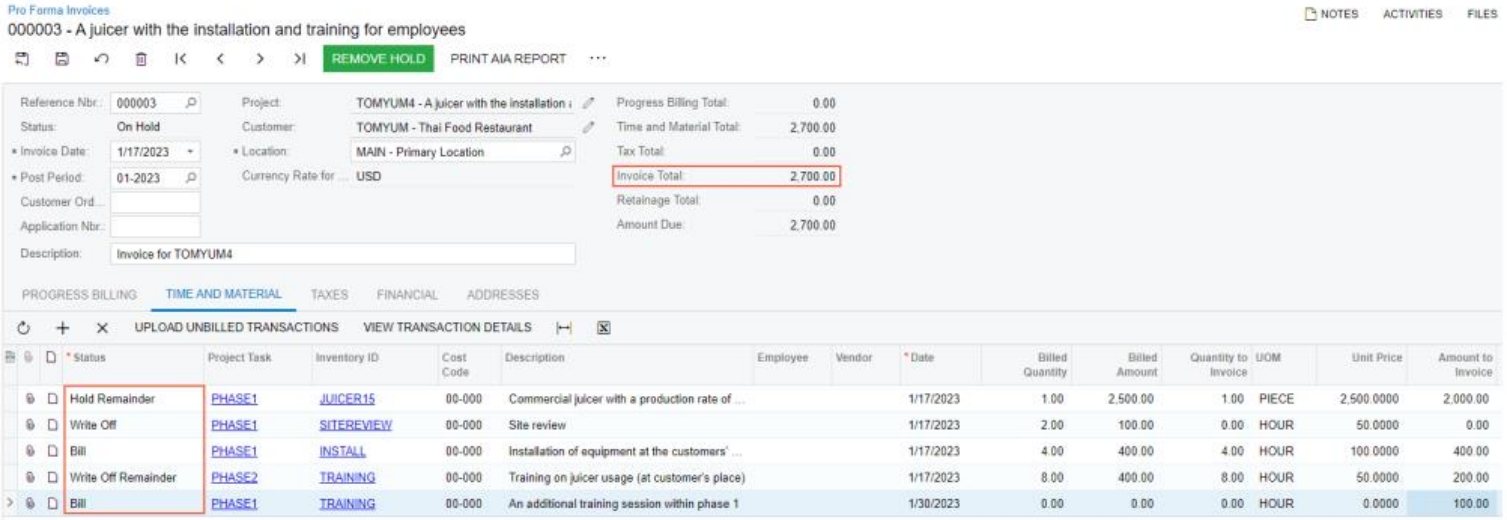


# Pro Forma Invoice: To Make Adjustments

Suppose that the Thai Food Restaurant customer has ordered a juicer, along with the services of installation and employee training on operating the juicer from the SweetLife Fruits & Jams company. SweetLife's project accountant has created a project. The juicer has been delivered and installed, and a consultant has provided the training. The project accountant has billed the customer and sent the created pro forma invoice for approval. SweetLife and the customer have agreed on the following adjustments to the pro forma invoice:

- The customer will pay $2,000 of the cost of the juicer with the first invoice (the accounts receivable invoice corresponding to this pro forma invoice) and the rest of the juicer's cost with the second invoice next month.
- The cost of the site review should be written off of the invoice, because the project manager agreed to provide the customer a free site review.
- A 50% discount will be applied to the cost of the training.
- The customer will pay $100 for an additional training session in Phase 1 of the project. Acting as the project accountant, you will make the needed corrections to the pro forma invoice and bill the customer. You will then bill the customer for the second time with the amount postponed in the first invoice.

# Figure: The adjustments to the pro forma invoice



# Lesson 6: Correcting Actual Income of Projects

## Learning Objectives

In this lesson, you will learn how to do the following:

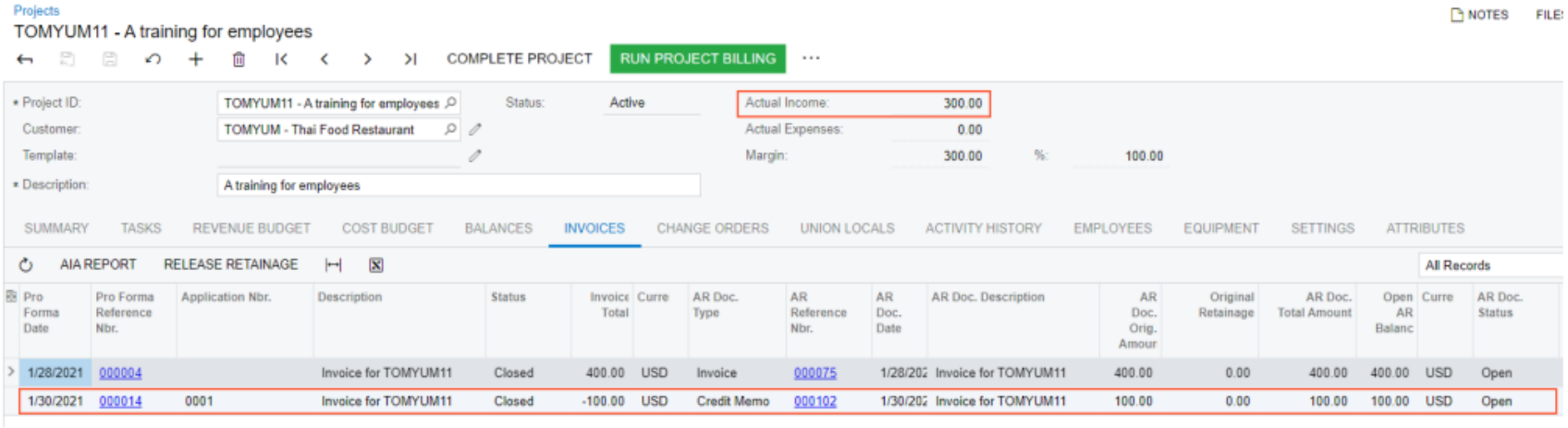
- Create a credit memo for a project

# Project Billing: To Correct the Actual Income of a Project

Suppose that the Thai Food Restaurant customer recently ordered eight hours of training on how to use a juicer it had previously bought from the SweetLife Fruits & Jams company. SweetLife's project accountant created a project for this training, a consultant of SweetLife provided the training, and the project accountant billed the customer.

Further suppose that the project accountant has realized that the consultant provided six hours of training instead of eight, so the company overcharged the customer by $100. Acting as the project accountant, you need to correct the actual amount of the project and create a credit memo for the project.

# Figure: The credit memo created for the project



# Day 3

# Lesson 7: Accounting for WIP Costs in Cost-Plus Projects

## Learning Objectives

In this lesson, you will learn how to do the following:

- Configure an allocation rule to move project costs to a WIP account group
- Configure a cost-plus project for allocating costs to the WIP account group
- Temporarily allocate costs of the project to the WIP account group

# WIP Costs in Cost-Plus Projects: Implementation Activity

Suppose that the SweetLife Fruits & Jams company needs to process projects in accordance with the GAAP matching principle—that is, the expenses related to the revenue have to be recorded to the same financial period as the revenue is, even if the expenses have been already posted to the system. Acting as an administrative user of SweetLife, you will configure an allocation rule that can temporarily allocate the project labor costs to a work-inprogress account group and then reverse the costs back to the initial labor account group in the financial period in which the revenue is recognized—that is, an AR invoice is released.

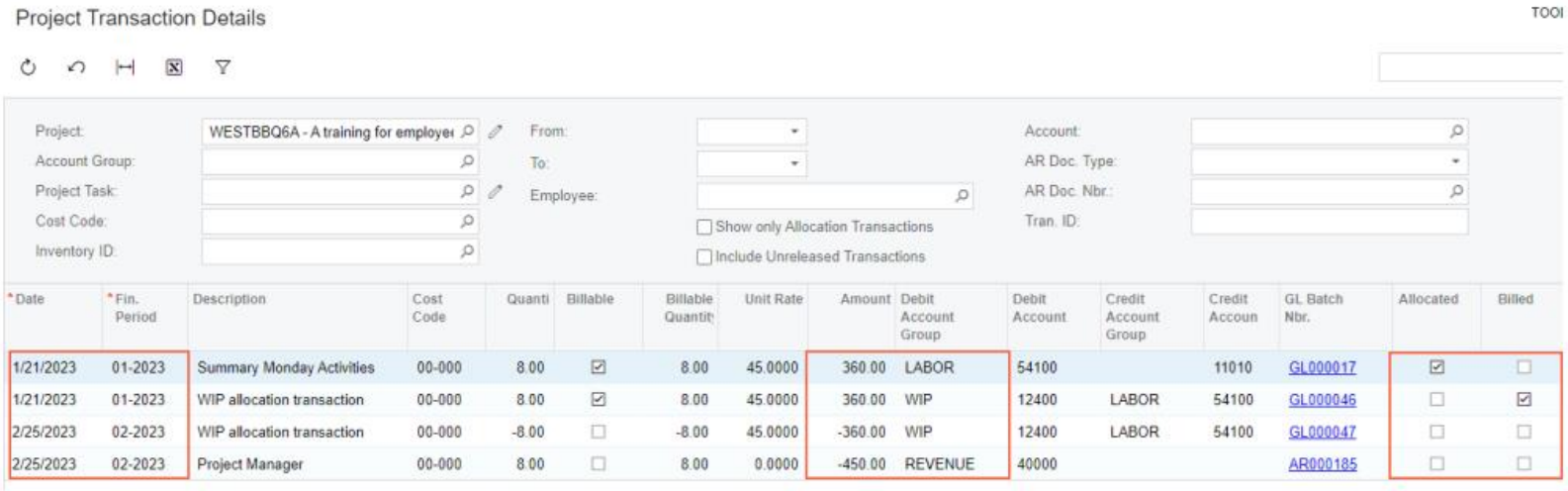
# WIP Costs in Cost-Plus Projects: Process Activity

Suppose that in January, the West BBQ Restaurant customer ordered training for new employees on the operation of juicers from the SweetLife Fruits & Jams company. The customer did not know the exact number of employees or the number of training sessions that would be needed. The SweetLife company agreed with the customer to provide as many training sessions as the customer needed in January and February. Further, both parties agreed that on 2/25/2023, the customer would pay for all the hours of training sessions that took place.

The project manager of SweetLife created a project for this work. Then suppose that on 1/21/2023, a consultant of SweetLife provided eight hours of training and logged the time spent by creating and releasing a time card in Acumatica ERP. In February, no additional training sessions were needed.

Acting as SweetLife's project accountant, you need to bill the customer, and you want the project expense incurred in January to be recorded in the same financial period as the project revenue—that is, in February. You will allocate the project expenses and bill the project.

# Figure: Project transactions of the WESTBBQ6A project



# Lesson 8: Configuring Item-Specific Billing Rates

## Learning Objectives

In this lesson, you will learn how to do the following:

- Define item-specific billing rates by using rate tables, and how to bill a project by using these billing rates.

# Billing Rates: To Configure Item-Specific Rates

Suppose that the West BBQ Restaurant customer has ordered from the SweetLife Fruits & Jams company a training session for its employees on how to use juicers that were previously purchased. Alberto Jimenez, a SweetLife junior consultant, has provided six hours of training, and Todd Bloom, a SweetLife senior consultant, has provided two hours of training. The standard rate of the training service, which applies to junior consultants, is $**50** per hour, while the rate for the training provided by the senior consultants is $**60** per hour.

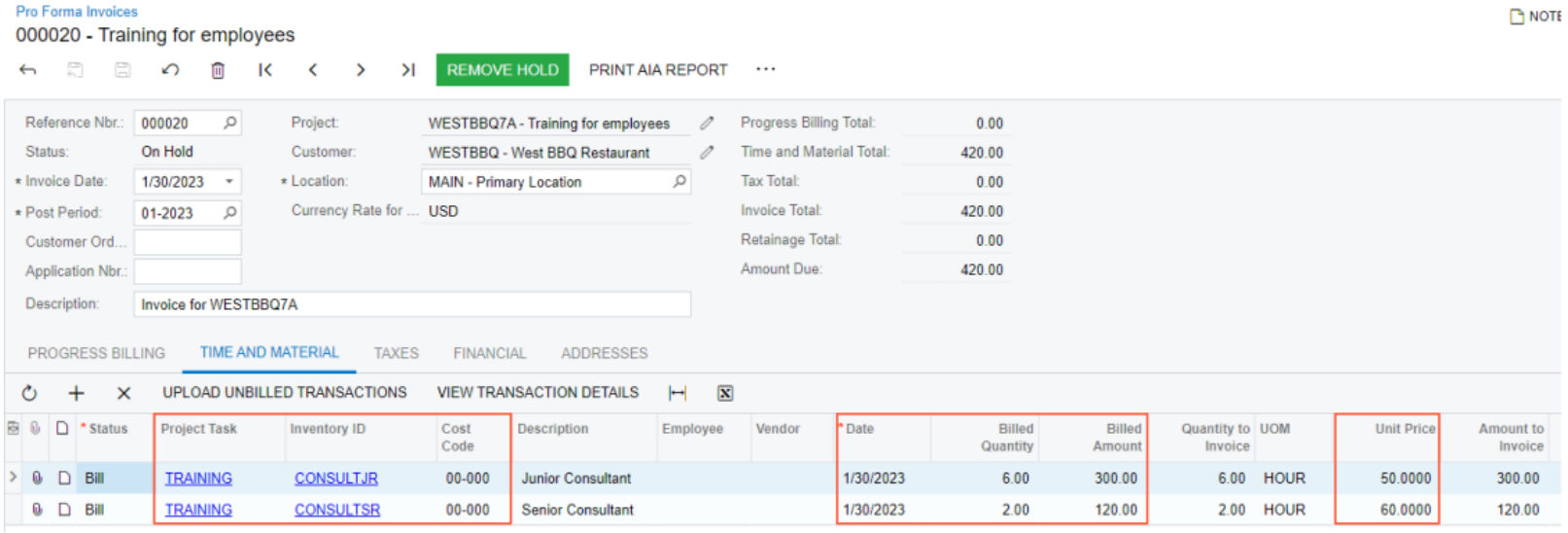
Acting as the SweetLife project accountant, Pam Brawner, you need to configure the rate table that will provide billing rates based on the employee who performed the work and configure the appropriate billing rule that will establish the complex pricing model.

# Billing Rates: To Bill a Project with Item-Specific Rates

Suppose that the West BBQ Restaurant customer has ordered from the SweetLife Fruits & Jams company a training session for its employees on how to use juicers that were previously purchased from SweetLife. Alberto Jimenez, a junior consultant of SweetLife, has provided six hours of training, and Todd Bloom, a senior consultant of SweetLife, has provided two hours of training. Alberto's rate is $50 per hour, and Todd's is $60.

Acting as the SweetLife project accountant, Pam Brawner, you need to create a project to account for the provided services, enter the project transaction to record the provided work, bill the customer, and verify that all services have been billed at the appropriate rates.

# Figure: Lines for employee labor billed by rates



# Lesson 9: Configuring Complex Billing Rates

## Learning Objectives

In this lesson, you will learn how to do the following:

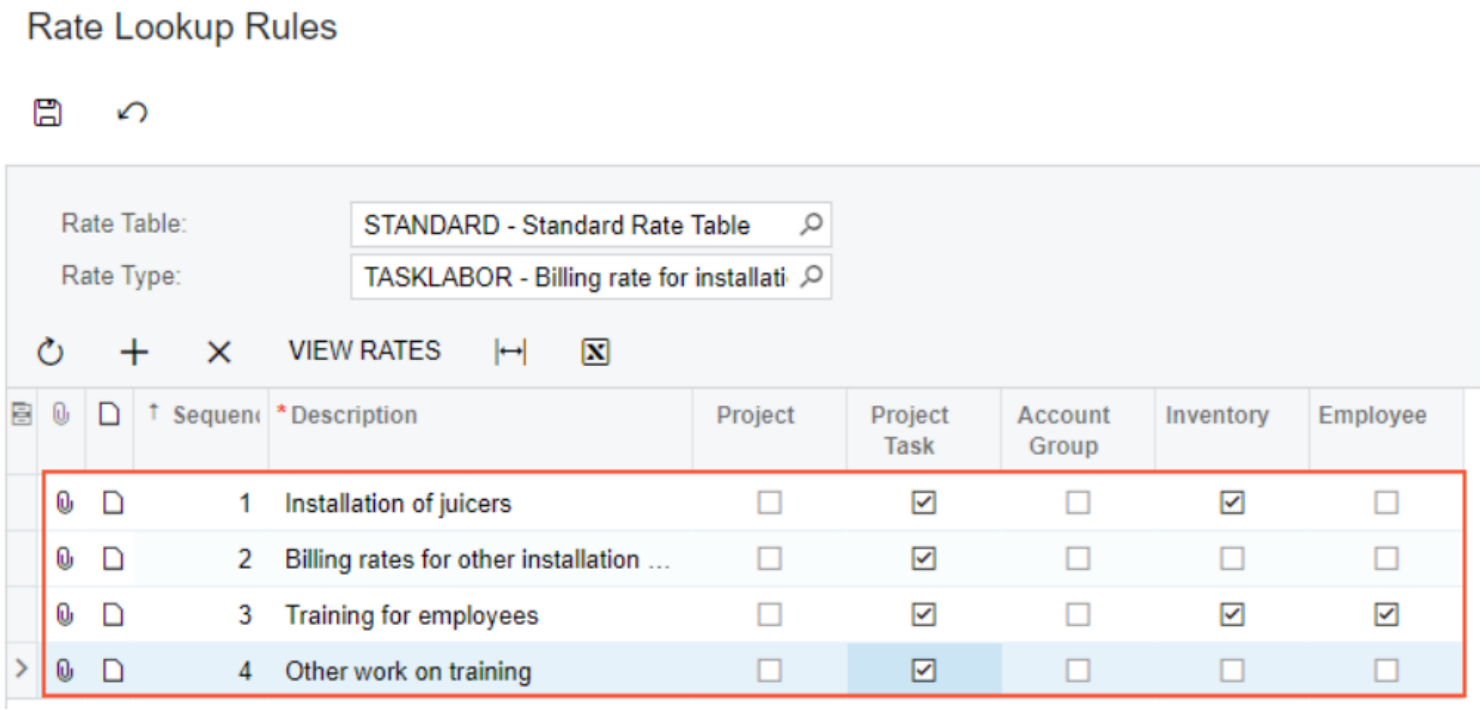
- Define complex billing rates with rate tables that define different rates for different services, and for the same services provided by different employees.

# Billing Rates: To Configure Employee- and Item-Specific Rates

Suppose that the West BBQ Restaurant customer has ordered the service of juicer installation from the SweetLife Fruits & Jams company, along with the service of employee training on operating the juicer. The juicer has been installed. Also, Alberto Jimenez, a junior consultant, has provided two hours of training, and Todd Bloom, a senior consultant, has provided six hours of training. All of the project tasks must be billed at different rates. The installation work is provided at a price of $110 per hour; the accompanying installation work is provided at a price of $90 per hour. The standard rate of training, which applies to junior consultants, is $50 per hour, but the rate for the training provided by senior consultants, which is $60 per hour, must be set up.

Acting as the project accountant, Pam Brawner, you need to configure the rate table that will provide billing rates based on a combination of various settings.

# Figure: The rate lookup rule

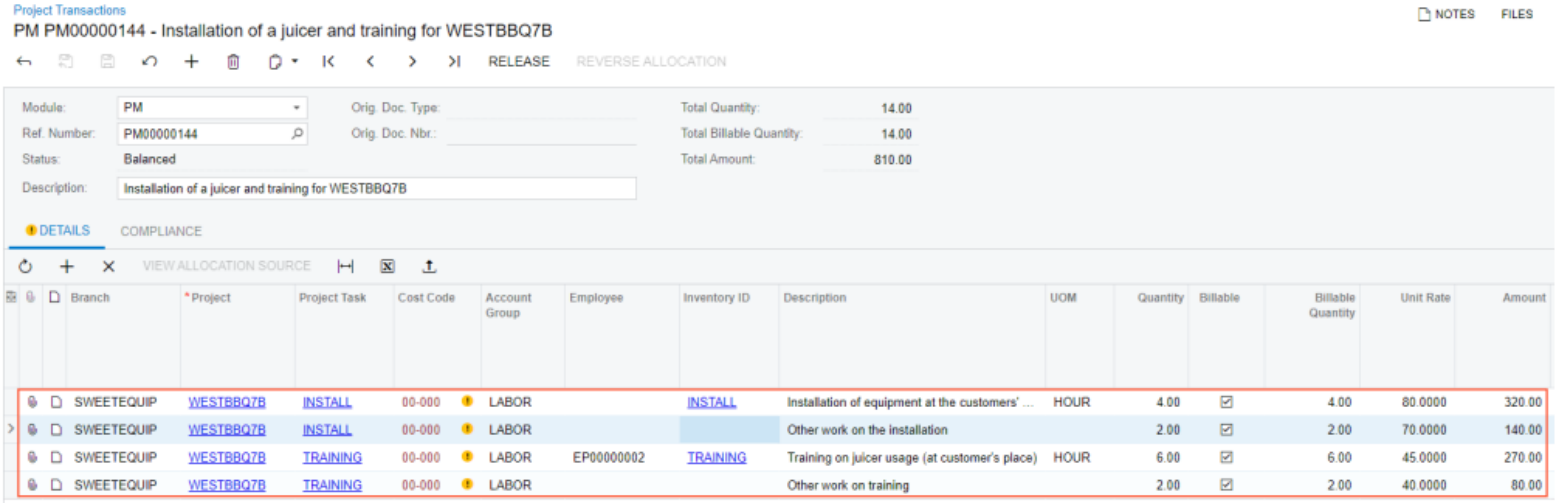


# Billing Rates: To Bill a Project with Employee- and Item-Specific Rates

Suppose that the West BBQ Restaurant customer has ordered from the SweetLife Fruits & Jams company the services of juicer installation and employee training on operating the juicer. The juicer has been installed. Also, Alberto Jimenez, a junior consultant of SweetLife, has provided two hours of training, and Todd Bloom, a senior consultant of SweetLife, has provided six hours of training. The provided services should be billed at different rates.

Acting as the SweetLife project accountant, Pam Brawner, you need to create a project to account for the provided services, and configure the applicable billing rules that will establish a complex pricing model with billing for the provided work based on the employee and item. Then you need to enter the project transaction to record the provided work, bill the customer, and verify that all services have been invoiced at the appropriate rates.

# Figure: Batch of project transactions



# Day 4

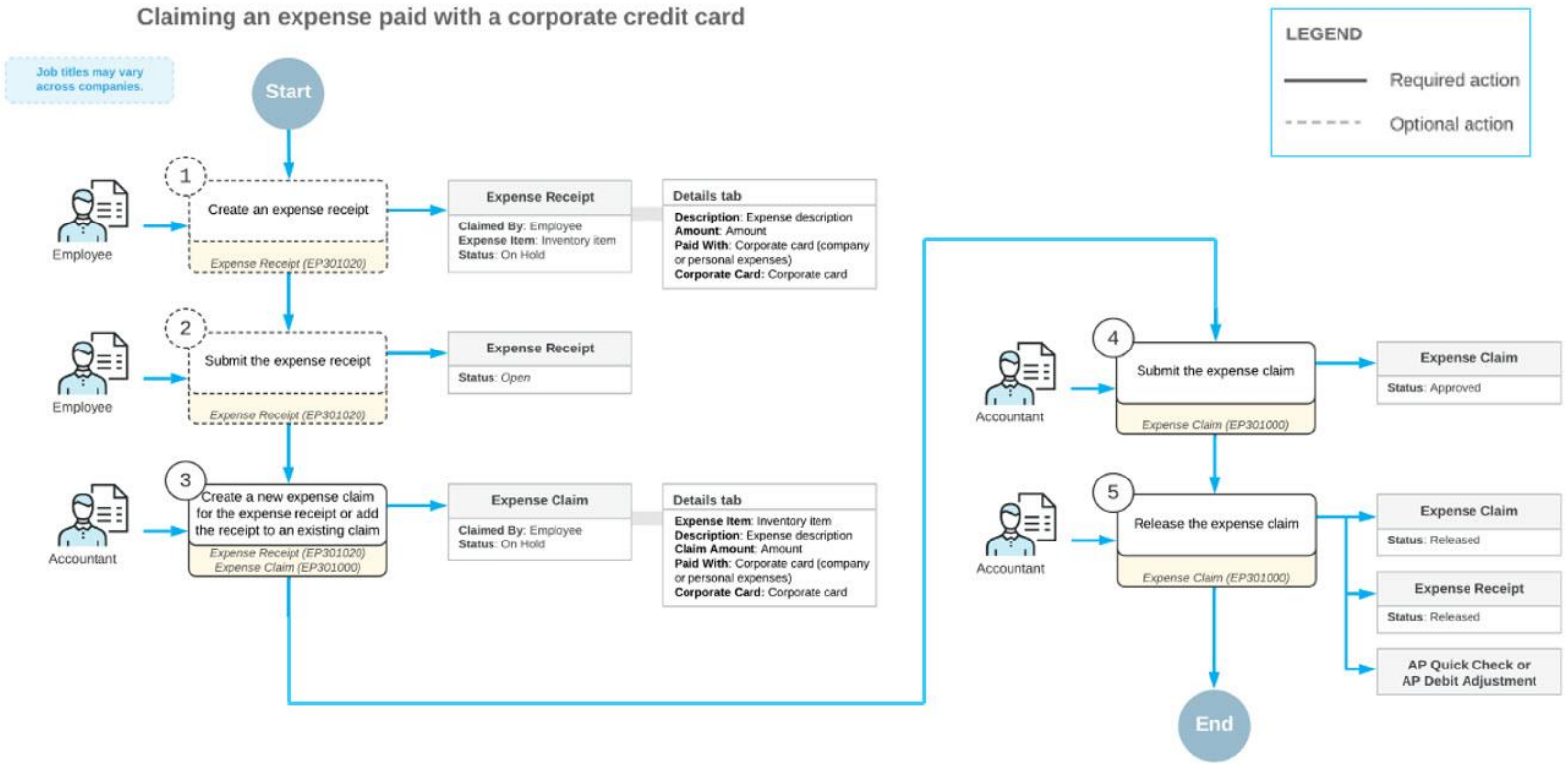
# Lesson 10: Processing Employee Expenses Paid with Corporate Cards

## Learning Objectives

In this lesson, you will learn how to do the following:

- Create a GL account, cash account, and payment method for a corporate credit card
- Create a corporate credit card in the system
- Create an expense receipt for company's expenses paid by the corporate credit card
- Process an expense claim for the expense receipt paid with the corporate credit card
- Process personal expenses paid with the corporate credit card
- Process company's expenses paid with a personal account

# Figure: Workflow of Claiming Expenses Paid with Corporate Cards



# Expense Receipts with Corporate Cards: Implementation Activity

Suppose that Jon Waite and Bill Owen—employees of the SweetLife Fruits & Jams company—can use a corporate credit card for charging their business expenses. Acting as an implementation manager of SweetLife, you need to create an account, payment method, and cash account for company corporate cards, as well as to create the corporate card itself in the system.

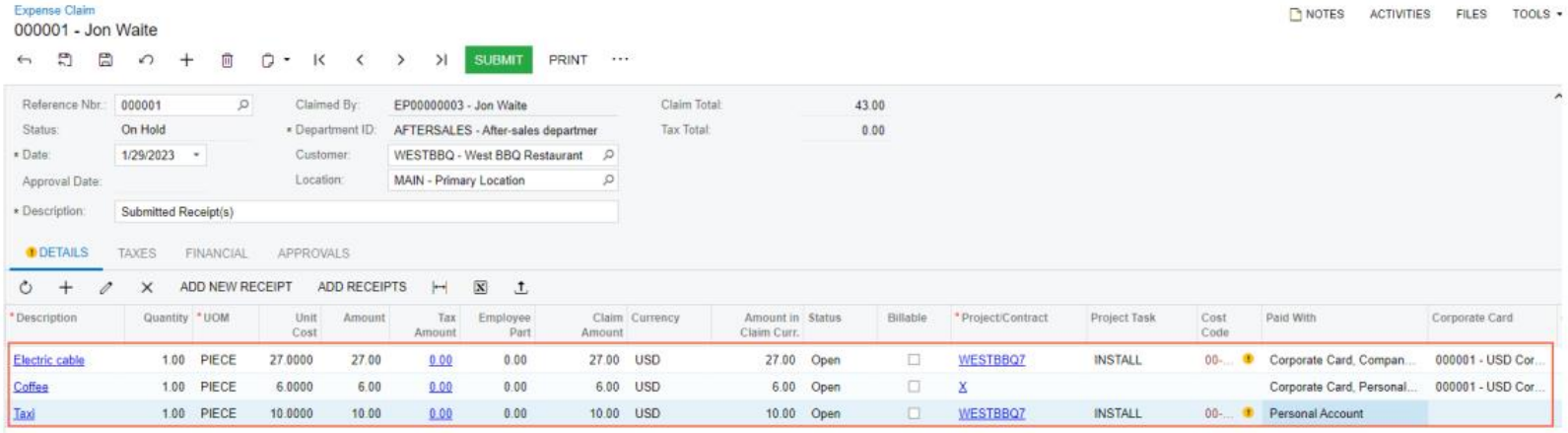
# Expense Receipts with Corporate Cards: To Process Expense Receipts

Suppose that the West BBQ Restaurant customer ordered the installation service for previously bought juicers from the SweetLife Fruits & Jams company. The project accountant of SweetLife created a project to account for the provided services.

Jon Waite, a SweetLife employee, worked in the customer's restaurant installing a juicer on January 29, 2023, and realized that there was not enough electric cable. Jon went to a construction store and bought 20 meters of electric cable for $27, which he paid for with a company corporate card. He also bought a cup of coffee in a cafe near the store and paid $6 for it by using the same corporate credit card. Then Jon took a taxi, for which he paid $10 in cash, to return to SweetLife. The next day, January 30, another SweetLife employee, Alberto Jimenez, went to a meeting with the customer to discuss the project. He took a taxi and paid $25 by using a corporate card.

Acting as Jon Waite, you will enter all related expenses into the system and file a claim for the reimbursement of expenses.

# Figure: The expenses to be claimed



# Lesson 11: Configuring Labor Cost Rates

## Learning Objectives

In this lesson, you will learn how to do the following:

- Prepare the system for the configuration of labor items
- Create a new labor item
- Assign a labor item to an employee
- Configure labor cost rates for an employee

# Labor Items: To Configure a Labor Item

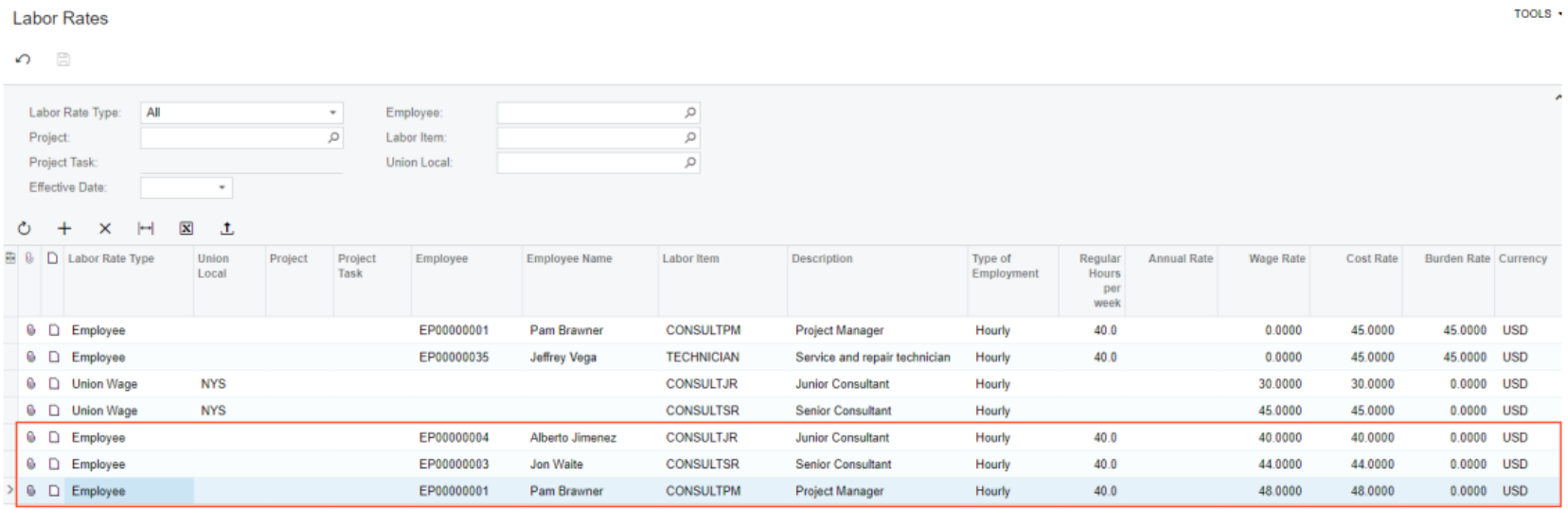
Suppose that you, as an implementation manager, are updating the system configuration for the SweetLife Fruits & Jams company. To be able to bill the customers for the provided labor within the projects, you need to create a labor item that will represent the repair service for juicers provided by a particular employee, Eric Killian, for SweetLife customers who have purchased juicers.

# Labor Items: To Define Labor Cost Rates

Suppose that in the SweetLife Fruits & Jams company, the price of the consulting services depends on the qualifications of the consultant who provides the service. Acting as SweetLife's project manager, you need to define the labor cost rates that will be effective starting January 1, 2023, for three of your company's consultants:

- Pam Brawner, a project manager, whose work rate is $48 per hour
- Jon Waite, a senior consultant, whose work rate is $44 per hour
- Alberto Jimenez, a junior consultant, whose work rate is $40 per hour

# Figure: The added labor cost rates




| Labor Rate Type | Union Local | Project | Project Task | Employee | Employee Name | Labor Item | Description | Type of Employment | Regular Hours per week | Annual Rate | Wage Rate | Cost Rate | Burden Rate | Currency |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Employee | | | | EP00000001 | Pam Brawner | CONSULTPM | Project Manager | Hourly | 40.0 | | 0.0000 | 45.0000 | 45.0000 | USD |
| Employee | | | | EP00000035 | Jeffrey Vega | TECHNICIAN | Service and repair technician | Hourly | 40.0 | | 0.0000 | 45.0000 | 45.0000 | USD |
| Union Wage | NYS | | | | | CONSULTJR | Junior Consultant | Hourly | | | 30.0000 | 30.0000 | 0.0000 | USD |
| Union Wage | NYS | | | | | CONSULTSR | Senior Consultant | Hourly | | | 45.0000 | 45.0000 | 0.0000 | USD |
| Employee | | | | EP00000004 | Alberto Jimenez | CONSULTJR | Junior Consultant | Hourly | 40.0 | | 40.0000 | 40.0000 | 0.0000 | USD |
| Employee | | | | EP00000003 | Jon Waite | CONSULTSR | Senior Consultant | Hourly | 40.0 | | 44.0000 | 44.0000 | 0.0000 | USD |
| Employee | | | | EP00000001 | Pam Brawner | CONSULTPM | Project Manager | Hourly | 40.0 | | 48.0000 | 48.0000 | 0.0000 | USD |

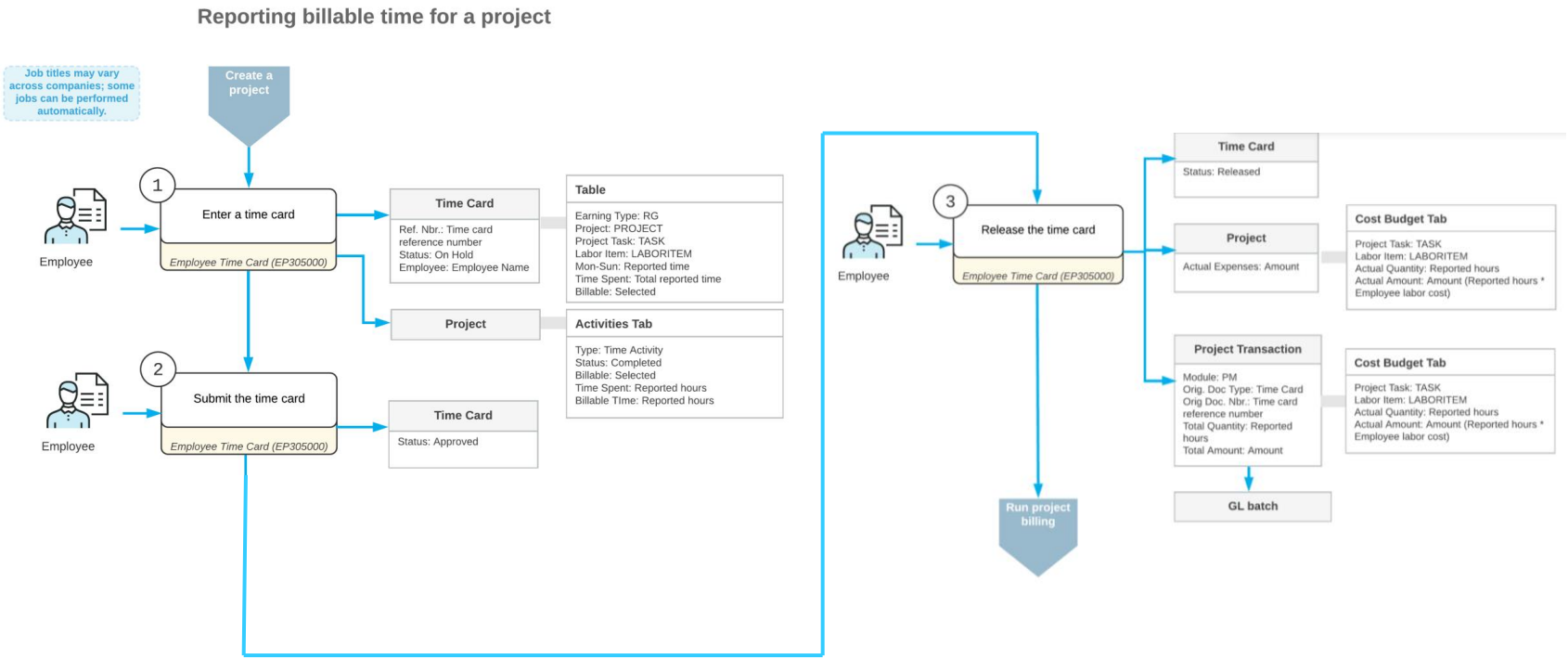
# Lesson 12: Tracking Employee Work in Projects

## Learning Objectives

In this lesson, you will learn how to do the following:

- Enter a billable time activity related to a project, and log the time spent for the project
- Enter a billable time card related to a project, and log the time spent for the project
- Bill a project for employees' time spent working on it

# Figure: Workflow of the Submission of a Time Card

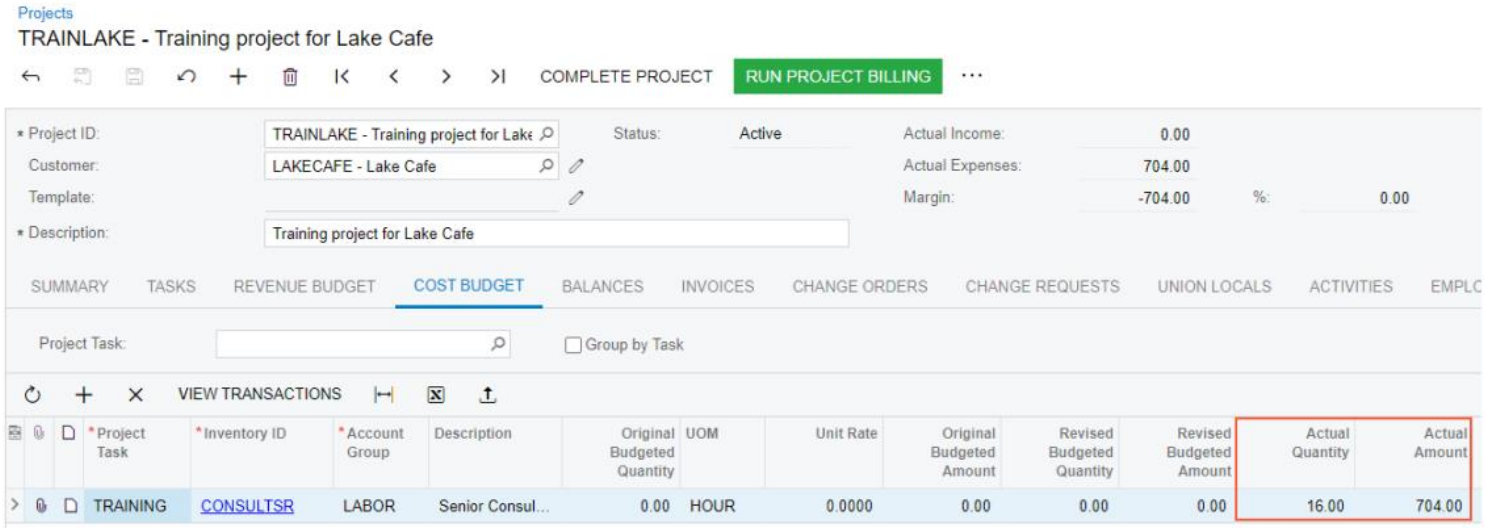


# Employee Time Billing: Process Activity

Suppose that Lake Cafe has requested 40 hours of training on operating juicers that were previously purchased from and installed by the SweetLife Fruits & Jams company. Jon Waite, SweetLife's senior consultant, has provided 16 hours of training (three hours on Monday, January 31, 2023; five hours on Tuesday, February 1; and eight hours on February 3).

Acting as SweetLife's project accountant, Pam Brawner, you need to create a project to account for the provided services. Then acting as Jon Waite, you need to enter a time card to log the work related to the project. Finally, again acting as Pam Brawner, you need to bill the project and review the invoice prepared for the customer.

# Figure: The cost budget updated based on the released time card



# Thank you!

Artem Onoprienko