Billing Procedures Part 2
Costpoint Billing Series
Course Learning Objectives

By the end of this course, you should be able to:

- Identify the following:
  - Purpose of a work force in controlling labor charges against any type of project
  - Difference between Employee Work Force and Vendor Work Force screens
  - Time and Material Formulas
  - Use of Rate Type codes
  - Function of the Rate Sequence table
  - Role of the Load Labor Rates process in properly updating a labor transaction record that initially resides in Open Billing Detail

- Demonstrate how to:
  - Set up the Project Work Force
  - Create a T&M format and supporting schedule
  - Set up PLCs and linking PLCs and PLC Rates to projects
  - Process a T&M bill
Work Force Definition

**Work Force**

A collection of employees and/or vendors (subcontractors) who are authorized to charge against a project.

A Top Level Work Force requires that the employees and vendors be designated at the highest level of the project. Accordingly, any lower level project node that allows charging is open to that work force.

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Work Force Feature

- Enable the **Project Work Force Required** checkbox.
- If the work force can be designated at the highest level of the project for all lower level elements, enable the **Use Top Level Work Force** checkbox.
**Work Force and Project Labor Category**

**PLC - Project Labor Category**

- Represents a classification code defining the type of work that an employee is performing on a specific job
- An alphanumeric code consisting of up to six (6) characters
- This code is more detailed than the General Labor Category which has a stronger correlation to a Human Resources classification

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**Project Employee Work Force**

The Manage Employee Work Force screen is where a set of employees who are designated to charge the project is set up.
The Manage Employee Work Force screen can also be used to designate specific PLCs for anyone who does work on the project.

A Project Vendor Work Force is similar in set up to the Project Employee Work Force.

The list of valid records in this table is derived from the Accounts Payable Vendor table.
Project Vendor Work Force: Assign PLC to Vendor Work Force

Projects > Project Setup > Project Labor > Manage Vendor Work Force > Assign PLC to Vendor Work Force subtask

Demonstration

» Manage Employee Workforce
Employee Specific Rates

Projects > Project Setup > Project Labor > Link PLC Rates to Employee/Vendor

- Enter the Project ID, Employee/Vendor ID, and the appropriate Project Labor Category.
- Specify the rate type code.
- Enter the rate.
- Specify the valid starting and ending date range.

Work Force Transactions

Accounting > Accounts Payable > Voucher Processing > Manage Accounts Payable Vouchers > Vendor Labor subtask

Work Force transaction validation occurs in the timesheet module in addition to the Vendor Labor subtask of Accounts Payable Vouchers.
Quick Review: Project Workforce

True or False?

» Work Force functionality is mandatory for time-and-material-based projects.

» Work Force functionality can work without making an association between an employee and a Project Labor Category.

» A project with three lower level project nodes can be configured to have three separate and unique work forces.
Time & Material Billing

» Includes a diverse collection of formulas

» Encompasses all billing methodologies that require labor (time) to be billed out on an hourly basis

» Billing rate may be set based on a rate schedule or correlated to an employee’s hourly rate

» Other costs such as travel expenses may be billed to a client or a markup percentage could be applied

Time & Material Formulas

There are nine T&M-based formulas in Costpoint — six are loaded labor and three are multiplier-based.

**Loaded labor** uses a billing rate that is already marked up.

- Loaded Labor Rate
- Loaded Labor Rate with Fee Plus Non-Labor with Burden with Fee
- Loaded Labor Plus Non-Labor with Burden with Fee
- Loaded Labor Rate Plus Cost Incurred on Non-Labor (T&M)
- Loaded Labor Plus Non-Labor Plus Burden on Non-Labor
- Loaded Labor Rate with Burden with Fee Plus Non-Labor with Burden with Fee

**Multipliers** apply a factor against an employee’s individual pay rate.

- Labor Cost Times Multiplier Plus Non-Labor Times Multiplier (Cost)
- Rate Schedule Times Multiplier Plus Non-Labor Cost Times Multiplier
- Labor Cost Times Multiplier Plus Non-Labor Times Multiplier (Hours)
### Loaded Labor Formulas

<table>
<thead>
<tr>
<th>FORMULA</th>
<th>Labor (Time)</th>
<th>Non-Labor (Materials)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>@Bill Rate</td>
<td>+Fee</td>
</tr>
<tr>
<td>Loaded Labor Rate</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Loaded Labor Rate + Cost Incurred on Non-Labor (T&amp;M)</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Loaded Labor + Burden on Non-Labor</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Loaded Labor + Non-Labor with Burden with Fee</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Loaded Labor Rate with Fee + Non-Labor with Burden with Fee</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Loaded Labor Rate with Burden with Fee + Non-Labor with Burden with Fee</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

### Time and Material Billing Format

The first step in the Time & Material process is to create a billing format that will become the foundation for all billings.

- **Header Tab** – Used to set which information is printed on the invoice heading
- **Hours Tab** – Used to set how much detail is printed on the hours-based portion of a bill, and how that information is sorted, summarized, and subtotaled
- **Display Options** – Used to set which column information is printed on unit billings
- **Footer Tab** – Used to set what information is printed at the bottom of the bill
Manage Supporting Schedule Formats

Projects > Billing > Billing Formats > Manage Supporting Schedule Formats

Demonstration

» Create a T&M Billing Format
» Supporting Schedule Format
Project Labor Categories

» The PLC is the foundational structural element for the proper functioning of the Time & Material billing.

» It defines the type of work being performed, and it is specifically correlated to the contract.

» It is always associated with a billing rate when the billing formula is either loaded labor or rate schedule.

Demonstration

» Setting up PLCs

» Linking PLCs to projects

» Linking PLC rates to projects
Rate Type Matrix

» There are five possible rate type codes that can be used on the PLC rate screen.

» The default is always B for the designation of an actual billing rate.

<table>
<thead>
<tr>
<th>Code</th>
<th>Employee’s Pay Rate</th>
<th>Bill Rate</th>
<th>Pay Rate/Bill Rate Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Code</td>
<td>Year 1</td>
<td>Year 2</td>
</tr>
<tr>
<td>A</td>
<td>Actual</td>
<td>$40.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>B</td>
<td>Billing</td>
<td>$40.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>C</td>
<td>Ceiling</td>
<td>$40.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>S</td>
<td>Standard</td>
<td>$40.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>T</td>
<td>Transaction</td>
<td>$40.00</td>
<td>$50.00</td>
</tr>
</tbody>
</table>

Billing Formula Applicability

» Codes A, C, and S all deal directly with how an employee’s actual hourly rate are used in the computation of the billing rate.

» S is a variation of A in that the codes are only different when a salaried employee works more than 40 hours in a standard work week. S will apply the standard rate as opposed to the diluted effective rate.

» C applies a multiplier factor just like A and S, but it caps out the multiplication to a ceiling rate.

<table>
<thead>
<tr>
<th>Code</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Loaded Labor</td>
</tr>
<tr>
<td>A, C, S</td>
<td>Rate Schedule – Multiplier</td>
</tr>
<tr>
<td>T</td>
<td>All Formulas. Applies to Multicurrency Billings.</td>
</tr>
</tbody>
</table>
Rate Sequence Table Rules

» Set up of this table is mandatory for any project with a loaded labor or rate sequence formula.

» Always define the setup at the lowest transaction level of every project node.

» Use this table to point to the rate table where the billing rates were defined.

» Point to the appropriate level of the source project where the rates are stored.
Rate Sequence Table Rules

Projects > Project Setup > Project Master > Manage Project User Flow > Def Rate Seq subtask

The system will always reference sequence number 1 first. If it is unable to find the appropriate project-PLC combination, it will subsequently reference any other lines defined in this table.

Define Rate Sequences

Projects > Project Setup > Revenue > Manage Rate Sequence Orders

The Lookup provides a view of the four possible rate tables.
### Possible Rate Tables

#### MOST DETAILED
Sequence 1, 2
- Project Employee (Labor) Category Work Force - PEC
- Project Vendor (Labor) Category Work Force - PVC

#### DETAILED
Sequence 3
- Project (Labor) Category - PC

#### GENERIC
Sequence 4
- (Labor) Category - PC

<table>
<thead>
<tr>
<th>Rate Table</th>
<th>Description of Rate Table</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEC</td>
<td>Employee – Project Specific Billing Rates</td>
</tr>
<tr>
<td>PVC</td>
<td>Subcontractor/Vendor – Project Specific Billing Rates</td>
</tr>
<tr>
<td>PC</td>
<td>Project Specific Rates</td>
</tr>
<tr>
<td>C</td>
<td>Database Wide Rates</td>
</tr>
</tbody>
</table>

### Source Project

Types of record that may serve as a Source Project

1. **The lowest level node** of the project, generally the same node as where the labor transaction is charged.
2. **The highest level node** of the project.
3. **An intermediate level** of the project.
4. **A node of another project with a similar rate structure**.
The source project is not the same as the Project entered on the main form. If you are using discounts, please make sure that the source Project and the Project entered on the main form are both using PLC Discounts or your billing rates will be incorrect.

Prevent this page from creating additional dialogs.

Source Project

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Source Project

Projects > Project Setup > Revenue > Manage Rate Sequence Orders

The source project is mandatory for all rate tables with the exception of the global rate table – Code C
Source Project

» Options for the designation of a Source Project:

» No Designated ‘Source Project’: For global rates, a source is NOT required since the billing rates apply to all projects.

» Level 1 of the Project: Defining the rates at level 1 is based on the assumption that the rates apply to all lower level nodes of the project.

» An intermediate or lower level of the project: Defining the rates at some lower level assumes that billing rates may vary based on the structural elements such as CLIN or delivery order.

» A Dummy Project: This methodology works well for a family of projects using the same billing rate methodology such as a common GSA Schedule or in an environment based on using multipliers and rate code A.

Multiplier-based Time and Material Billing

Actual incurred costs will be marked up by a factor
## Employee Pricing Matrix

<table>
<thead>
<tr>
<th>ID</th>
<th>Name</th>
<th>PLC</th>
<th>Hourly Rate</th>
<th>Billing @ 2X</th>
<th>Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>00006</td>
<td>Sinclair</td>
<td>ARC-JR</td>
<td>$45.00</td>
<td>$90.00</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>00002</td>
<td>Checzyzinski</td>
<td>ARC-DR</td>
<td>$57.50</td>
<td>$115.00</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>00003</td>
<td>Szieskoski</td>
<td>ARC-SR</td>
<td>$75.00</td>
<td>$150.00</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>00005</td>
<td>Preswick</td>
<td>ARC-MG</td>
<td>$110.00</td>
<td>$220.00</td>
<td>$200.00</td>
</tr>
</tbody>
</table>

### (C) Ceiling Code
- Acts as a not to exceed rate when the multiplier is applied against the hourly rate

### (S) Standard Code
- Acts to counteract the dilution of the hourly rate in instances where the employee's effective hourly rate is lower
- This traditionally occurs for salaried employees who record all hours worked although they are only compensated for their standard work week hours.

### (T) Transaction Code
- Refers to the transactional currency

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### Define Rate Sequence

The Rate Sequence must be established at the charging level of the project in order for the Load Labor Rates process to properly price out the labor.
## Time & Material Process Flow

### Initiating Transactions

- The billing process begins with transactions.
- Generally, the bulk of these transactions contributing to a time and materials invoice are timesheet and accounts payable vouchers.

### Steps to Processing Time & Material Bill

1. **Review Open Billing Detail**
2. **Run Load Labor Rates**
3. **Calculate Standard Bills**
4. **Manage Standard Bills – Review Online**
5. **Post Standard Bills**
6. **Print Standard Bills – To print final copy to customer, status must be “Selected”**
7. **Manage Standard Bills – Change status to “Selected”**
Load Labor Rates

Projects > Billing > Standard Bills Processing > Load Labor Rates

Enter the Fiscal Year and Period

Confirm that the radio button is set to both

Run the process (Gears icon)

What does this process do?

» Relies exclusively on the proper set up of the Rate Sequence Table

» This process initially references every transaction in Open Billing Detail, and it searches for a corresponding transaction project ID in the Rate Sequence Table.

» In the Rate Sequence Table, it finds the pointer to the appropriate billing rate table and source project. Finally, the effective bill date is matched against the date ranges in the billing table.

» Subsequently, a billing rate and rate type code are populated in the Open Billing Detail record.
Open Billing Detail

Projects > Billing > Standard Bill Processing > Manage Open Billing Detail

How do I know that it worked?

In the Labor tab of the Open Billing Detail record, the billing rate and rate type should now be populated with data.

Calculate Standard Bills

Projects > Billing > Standard Bill Processing > Calculate Standard Bills
Manage Standard Bills

Projects > Billing > Standard Bill Processing > Manage Standard Bills

Review the bill in Manage Standard Bills, then change the status of the bill to **Selected**, once the **Draft** copy is verified. Take note of the Invoice Number.

Print Standard Bills

Projects > Billing > Standard Bill Processing > Print Standard Bills

Enter the Project and Invoice number to print the bill. Note: The **Include Unselected Invoices** is not selected.
Post Standard Bills

Access the Post Standard Bills screen to post the bill.

Demonstration

» T&M Bill Processing
Recap

To summarize, here are the topics we have discussed:

- Purpose of a work force in controlling labor charges against any type of project
- Difference between Employee Work Force and Vendor Work Force screens
- Project Work Force setup steps
- PLC setup and linking PLCs and PLC Rates to projects
- Time and Material Formulas
- Use of Rate Type codes
- Function of the Rate Sequence table
- Role of the Load Labor Rates process in properly updating a labor transaction record that initially resides in Open Billing Detail
- T&M format and supporting schedule
- T&M bill processing

Thank you for attending this course

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