

# Revenue and Ceilings

Costpoint Project Series

Participant Guide

Deltek  
University

## Revenue and Ceilings

### Costpoint Projects Series

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## Course Objectives

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

- » Describe the concept of revenue recognition by Owning versus Performing Organization.
- » Describe the basic groups of revenue calculations.
- » Set up revenue in Revenue Info subtask.
- » Set up ceilings and overrides.

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# Revenue Recognition

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## Revenue and Ceilings

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## Global Revenue Formula Suppression



Projects > Project Setup > Project Setup Controls > Configure Project Settings > **Revenue Formulas subtask**



Select only revenue formulas in use by your company

Project Settings > Revenue Formulas

| Select                              | Description                                               |
|-------------------------------------|-----------------------------------------------------------|
| <input checked="" type="checkbox"/> | Cost Incurred using Estimate At Completion (Funded Value) |
| <input type="checkbox"/>            | Cost Incurred using Estimate To Complete (Funded Value)   |
| <input type="checkbox"/>            | Funded Value Times Percent Complete                       |
| <input type="checkbox"/>            | ITD Fee on Cost                                           |

Select

| Select                              | Description                                       |
|-------------------------------------|---------------------------------------------------|
| <input checked="" type="checkbox"/> | Contract Value Less Backlog                       |
| <input type="checkbox"/>            | Contract Value Times % Complete Vs. Rate Schedule |
| <input type="checkbox"/>            | Contract Value Times Percent Complete             |
| <input type="checkbox"/>            | Cost Incurred Using Estimate To Complete          |
| <input type="checkbox"/>            | Cost Incurred using Estimate At Completion        |
| <input type="checkbox"/>            | Cost Plus Fee On Cost                             |

Close

Use the Select button to move revenue formulas to the right. Only revenue formulas listed on the right can be viewed in the Basic Information screen.

## Key Definitions



**Home Org**

This is the organization that has ownership of an individual employee as defined within the Salary Details subtask of the Employee Information screen.



**Owning Org**

This is the organization that has possession of the project as defined within the Manage Project User Flow screen.



**Performing Org**

This is the org that receives the charge for the expense within the General Ledger. With labor related transactions, this is whatever org that resides within the timesheet line.



## Owning vs Performing Org



### Owning Org

The owning entity of the project managing the overall effort.

**The Owning Model:** The owning org of the project is credited for all revenues regardless of the origin of the resources.

This model states that the entity responsible for managing the effort and working to win the contract should be entitled to all revenues.



### Performing Org

The performing entities who contributed resources to the endeavor.

**The Performing Model:** One in which revenue is shared by all entities contributing resources to the effort.

## Post Revenue to the Owning or Performing Org



Projects > Project Setup > Project Master > Manage Project User Flow > Rev Info subtask

→ Identification > Rev Info

Revenue Formula: NONE  Q to Not Compute Fiscal Year:

☐ Calculate Revenue on Units Discount Method: -None-  Allow Revenue to Exceed Value: ☐ By How Much?:

**Post Revenue to the**

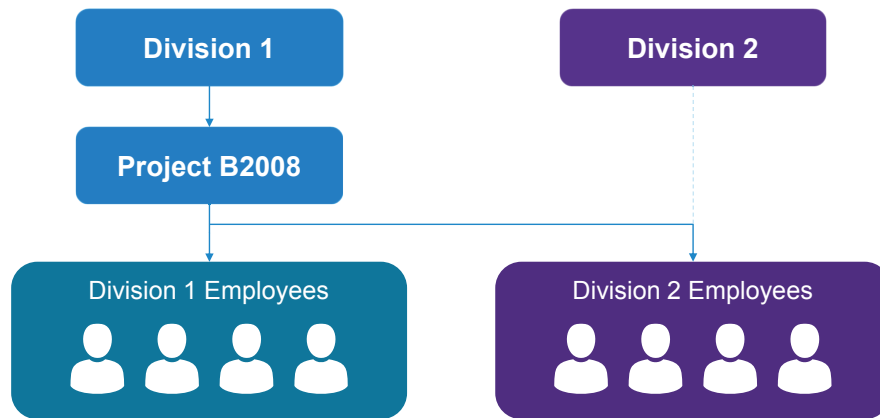
☒ Owning Organization ☐ Performing Organization

Goal Multiplier: Labor: 1.0000 Non-Labor: 1.0000

[Award Fee](#) [Revenue Adjustments](#)



## Example of a Cross-Charging Environment



In this example, employees from both Division 1 and Division 2 are used as resources to work on a project owned by Division 1.

## Performing vs. Owning: Income Statement

| Example: Cost Plus 10% Fixed Fee Contract |              |              |              |            |
|-------------------------------------------|--------------|--------------|--------------|------------|
| Performing Model: Caring & Sharing        |              |              |              |            |
|                                           | Division 1.1 | Division 1.2 | Division 1.3 | Company    |
| Revenue                                   | \$1,100.00   | \$2,200.00   | \$3,300.00   | \$6,600.00 |
| Expense                                   | \$1,000.00   | \$2,000.00   | \$3,000.00   | \$6,000.00 |
| Net Income                                | \$100.00     | \$200.00     | \$300.00     | \$600.00   |
| Owning Model: It's All Mine!!!            |              |              |              |            |
|                                           | Division 1.1 | Division 1.2 | Division 1.3 | Company    |
| Revenue                                   | \$6,600.00   | \$0.00       | \$0.00       | \$6,600.00 |
| Expense                                   | \$1,000.00   | \$2,000.00   | \$3,000.00   | \$6,000.00 |
| Net Income                                | \$5,600.00   | -\$2,000.00  | -\$3,000.00  | \$600.00   |

## Revenue Rules of the Road

- » The designation of the revenue formula at a specific level will impact posting routines to the General Ledger.
- » Project Ledger revenue is generally stored at the lowest transaction level.
- » Setting revenue for the project at the funding level may be the best solution.
- » Do not stack revenue formulas.
- » While revenue formulas can be changed during the lifecycle of a project, there are consequences to the Project Ledger.
- » Changing a fundamental revenue recognition paradigm like Owning versus Performing Org for a specific project has potential consequences.

## No Journal Entries to Revenue

- » The Revenue Adjustments subtask is for:
  - » Recording revenue
  - » Correcting revenue

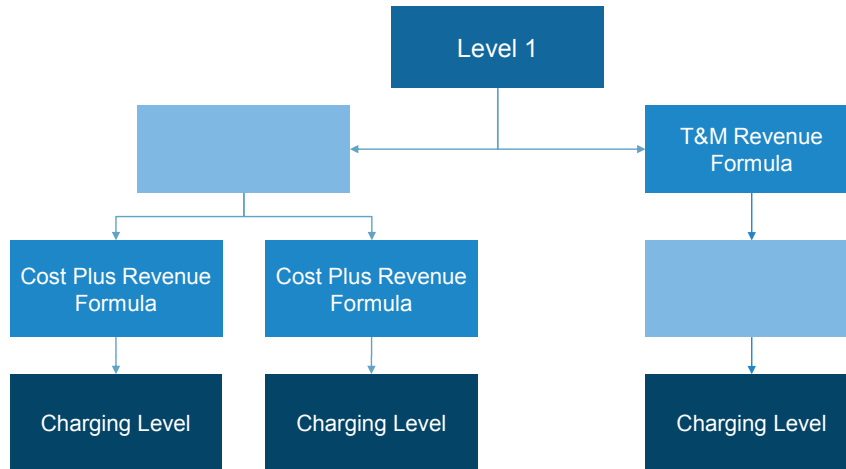
The screenshot shows the 'Identification > Rev Info' subtask in the Deltek software. The form contains the following fields and options:

- Revenue Formula:** NONE (with a search icon and 'Not Compute' text)
- Fiscal Year:** (empty field)
- Calculate Revenue on Units:** (checkbox, unchecked)
- Discount Method:** (dropdown menu, currently showing '-None-')
- Allow Revenue to Exceed Value:** (checkbox, unchecked)
- By How Much ?** (empty field)
- Post Revenue to the:**
  - ☒ Owning Organization
  - ☐ Performing Organization
- Goal Multiplier:** (empty field)
- Labor:** 1.0000
- Non-Labor:** 1.0000
- Award Fee:** (checkbox, unchecked)
- Revenue Adjustments:** (button, highlighted with a green box)
- Close:** (button)

Make all adjustments to revenue through the Revenue Adjustments Subtask.

## Revenue Formula Setup

An acceptable approach for revenue formula placement.



## Select the Revenue Formula



Projects > Project Setup > Project Master > Manage Project User Flow > Rev Info subtask

The screenshot shows the 'Rev Info' subtask in the Deltek software. The 'Revenue Formula' field is highlighted with a green box. A 'Lookup' dialog box is open, showing a list of revenue formulas. The 'Lookup' dialog box has a 'Query' dropdown and a 'Select' button. The 'Rev Info' subtask also has a 'Do Not Complete' checkbox and a 'Calculate Revenue on Units' checkbox.

## Fields in the Revenue Information Screen

→ Identification > Rev Info

Revenue Formula: CPFC Cost Plus Fee On Cost Fiscal Year:

Labor Fee Pct: 0.0000 Non-Labor Fee Pct: 0.0000

☐ Calculate Revenue on Units Discount Method: [-None- ☐ Allow Revenue to Exceed Value

By How Much?

Post Revenue to the: ☒ Owning Organization ☐ Performing Organization

Goal Multiplier: Labor: 1.0000 Non-Labor: 1.0000

[Award Fee](#) [Revenue Adjustments](#)

Close

| Key Fields                    | Description                                                                                                                                                                                                        |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue Formula               | Choose 1 of 30 formulas.                                                                                                                                                                                           |
| Allow Revenue to Exceed Value | This checkbox as an override mechanism on the Total Ceilings screen. If used, it looks at the Project Settings screen to determine whether the global setting is set to either override contract or funding value. |
| By How Much?                  | This is the designated dollar amount that will be added to the Total Ceiling screen amount to yield the acceptable revenue.                                                                                        |
| Post Revenue to...            | This control impacts the posting routine for the General Ledger.                                                                                                                                                   |
| Revenue Adjustment            | The lower unlabeled portion of the screen is used to adjust the system generated revenue computation.                                                                                                              |
| Award Fee                     | Use this subtask to select the accrual method to record the award fee.                                                                                                                                             |

## Demonstration

- » Completing the fields in the Rev Info subtask
- » Attach a revenue formula to a project

## Setup Award Fee

Steps to setup Award Fees:

**1** Setup the Revenue formula.

The Revenue Info screen has to be setup before you can start this process.

**2** In the Modifications screen, add the Award Fee.

**3** Go back into the Revenue Info screen and apply the accrual method.

The Award Fee information pulls from the Modifications screen and populates the Revenue Info screen.

## Step 1 Setup the Revenue Formula



Projects > Project Setup > Project Master > Manage Project User Flow > **Rev Info Subtask**

→ Identification > Rev Info

New Copy Delete 1 of 1 New Table Query

Revenue Formula LLRBFNBF Qaded Labor Rate W/Burden W/Fee Plus Non-Labor W/Burden W/Fee Fiscal Year

Labor Fee Pct. 0.0000 Non-Labor Fee Pct. 0.0000

☐ Calculate Revenue on Units Discount Method ☐ Allow Revenue to Exceed Value

-None- By How Much?

Post Revenue to the

☒ Owning Organization ☐ Performing Organization

Goal Multiplier

Labor 1.0000 Non-Labor 1.0000

[Award Fee](#) [Revenue Adjustments](#)

Close



The Revenue Information has to be populated before you can enter the Award Fee in the Modifications subtask.

## Step 2 Add the Award Fee



Projects > Project Setup > Project Master > Manage Project User Flow > **Modifications Subtask**

**Identification > Modifications**

Modification ID: 0000 Description: Initial Contract Value Effective Date: 1/05/2020

**Period Of Performance**

Start Date: 1/05/2020 End Date: 12/31/2020  
Earliest: 01/01/2018 Latest: 12/31/2020

**Value Modifications**

Value: 500,000.00 Fee%: 0.00%  
Current: 500,000.00 Cumulative: 0.00  
Cost: 500,000.00 Fee: 0.00

**Funding Modifications**

Value: 100,000.00 Fee%: 0.00%  
Current: 100,000.00 Cumulative: 0.00  
Cost: 100,000.00 Fee: 0.00

Set Defaults

**Award Fee** Unit Info Notes ACRN

**Identification > Modifications > Award Fee**

Mod ID: 0000 Description: Initial Contract Value  
Fiscal Year: 2020 Period: Start End  
Subperiod: Start End

Contract Award Fee: 50,000.00  
Funded Award Fee: 50,000.00

Close

## Step 3 Setup up Accrual Method for Award Fee



Projects > Project Setup > Project Master > Manage Project User Flow > **Revenue Info Subtask**



Make sure you save the record between each step.

**Rev Info**

Revenue Formula: LLRFBNBF Loaded Labor Rate W/Burden W/Fee Plus Non-Labor W/Burden W/Fee Fiscal Year:   
Labor Fee Pct.: 0.0000 Non-Labor Fee Pct.: 0.0000  
Calculate Revenue on Units: ☐ Discount Method:   
Post Revenue to the: ☒ Owning Organization ☐ Performing Organization Goal Multiplier: Labor: 1,000 Non-Labor: 1,000  
Allow Revenue to Exceed Value: ☐ By How Much?:   
Award Fee Revenue Adjustments

**Award Fee**

Mod ID: 0000 Description: Initial Contract Value  
Fiscal Year: 2020 Period: Start End  
Subperiod: Start End

Accrual Method:   
Contract Award Fee: 50,000.00  
Award Fee Tgt Amt: 0.00  
Award Fee Accrual Pct.: 0.00% Award Fee Accrual Amt: 0.00  
Funded Award Fee: 50,000.00  
Award Fee Act Amt: 0.00

Ok



## Demonstration

- » Setup an Award Fee

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# Ceilings

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## Revenue and Ceilings

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## Ceilings and Overrides

### **Ceilings**

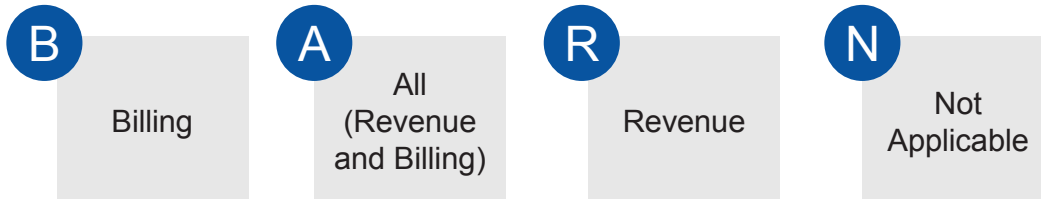
Ceiling act as a maximum value or cap that cannot be exceeded.

### **Overrides**

An override is as an exception rate that ignores the Manage Project User Flow screen and applies a unique rate to the designated criteria.

## BARN Codes

Use Barn Codes to establish contract wide ceilings.





# Total Ceilings Screen

 Projects > Project Setup > Project Master > Manage Project User Flow > **Total Ceil subtask**

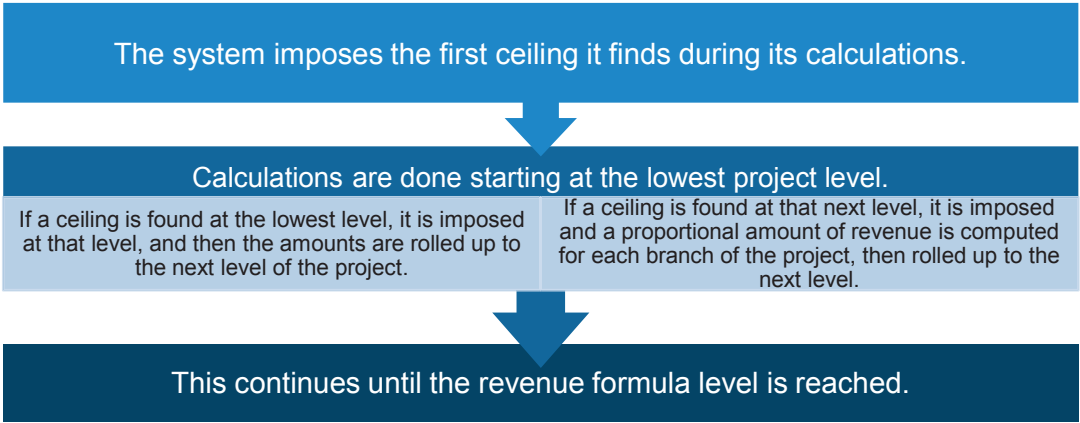
→ Identification > Total Ceilings

New Delete 1 of 1 New

| Funding Info |   |              |           | Value Info |       |   |                     |
|--------------|---|--------------|-----------|------------|-------|---|---------------------|
| Total        | B | 1,000,000.00 | Fee%      | 2.44%      | Total | R | 1,100,000.00        |
| Cost         | N |              | Costs     | 976,190.48 | Cost  | N | 1,095,238.10        |
| Fee          | N |              | Fee       | 23,809.52  | Fee   | N | 4,761.90            |
|              |   |              | Award Fee | 50,000.00  |       |   | Award Fee 50,000.00 |

Close

# Total Ceilings Screen



 The system will NOT recognize ceilings above the level of the project on which the revenue formula is setup.



# Total Ceilings Screen



Funding Value – Represents the total amount of money that has been appropriated by the governmental agency for use by the contractor. In many instances, this funding is incremental in nature, and it is slowly appropriated for use.

→ Identification > Total Ceilings

Funding Info

Total

B

Fee%

Cost

N

Costs

Fee

N

Fee

Value Info

Total

R

Fee%

Cost

N

Costs

Fee

N

Fee

Indicates Billing Ceiling

Indicates Revenue Ceiling

B

A

R

N

Billing

All (Revenue and Billing)

Revenue

Not Applicable

Close

# Total Ceilings Screen



Projects > Project Setup > Project Master > Manage Project User Flow > Total Ceil subtask

→ Identification > Total Ceilings

Funding Info

Total

A

250,000.00

Fee%

10.00%

Cost

N

Costs

227,272.71

Fee

N

Fee

22,727.29

Award Fee

0.00

Value Info

Total

5

500,000.00

Fee%

10.00%

Cost

N

Costs

454,545.45

Fee

N

Fee

45,454.55

Award Fee

0.00

Note - one or more ceiling codes for this project have been set to a numeric value. The numeric value indicates that the code was changed in a manner that requires that previous averages be backed out. Compute Revenue and/or Calculate Billings will take care of adjusting the averages and will reset the numeric codes to the appropriate 'R', 'B', or 'N' values. Codes 1, 3, and 5 indicate that you need to compute revenue for this project. For Codes 2, 4, and 6, recalculate billings. Both programs will need to be run for code 7.



There are specific instances when **numeric values from 1 through 7** will be populated into the total ceiling screen. Such a situation occurs when the ceiling code is modified since the last time revenue or billing was calculated.





## Demonstration

» Setup BARN codes

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## Ceiling & Override Screens

**i** Accessible through the main menu or as subtasks on the Manage Project User Flow screen.

| Subtask        | Function                                          |
|----------------|---------------------------------------------------|
| Total Ceil     | A contract wide limit.                            |
| Dir Cost Ceil  | A limit on specific accounts.                     |
| Burd Cost Ceil | A limit on indirect burden.                       |
| Dir Hrs Ceil   | A limit on hours by PLC.                          |
| Empl Hrs Ceil  | A limit on hours by employee and PLC.             |
| Vend Hrs Ceil  | A limit on hours by vendor-subcontractor and PLC. |
| Cost Fee Ovrd  | A fee exception by account.                       |
| Burd Fee Ovrd  | A fee exception by indirect pool and account.     |
| Mult Ovrd      | A markup exception by account.                    |

# Direct Cost Ceiling



Projects > Project Setup > Project Master > Manage Project User Flow > **Dir Cost Ceil subtask**



The direct cost ceiling applies a cap on either a detail account, range of accounts or a summary account.

Identification > Dir Cost Ceil

| Account * | Account Name | Functional Currency Ceiling Amount * | Apply to R/B/A * | Billing Currency Ceiling Amount | Billing Currency |
|-----------|--------------|--------------------------------------|------------------|---------------------------------|------------------|
| → 503-10  |              | 0.00                                 | Select-          | 0.00                            |                  |

Select a BARN Code.

Close

## Demonstration

- » Setup a Direct Cost Ceiling in Costpoint

## Burden Cost Ceiling



Projects > Project Setup > Project Master > Manage Project User Flow > **Burd Cost Ceil subtask**



The burden cost ceiling applies a cap on indirect burdens by fiscal year and pool number.

→ Identification > Burden Cost Ceilings

Fiscal Year \* 2020

New Copy Delete 1 of 1 New Table Query

Details

|   | Account * | Account Name | Pool * | Pool Name            | Rate Ceiling | Rate Format | Cost of Money Ceiling | Rate Format | Ceiling Method * | Apply to R/B/A * |
|---|-----------|--------------|--------|----------------------|--------------|-------------|-----------------------|-------------|------------------|------------------|
| → | 505-20    |              | 75     | Green Pines G&A Pool | 0 %          |             | 0 %                   |             | Override         | All              |
| → | 505-30    |              | 75     | Green Pines G&A Pool | 0 %          |             | 0 %                   |             | Override         | All              |
| → | 505-40    |              | 75     | Green Pines G&A Pool | 0 %          |             | 0 %                   |             | Override         | All              |
| → | 505-50    |              | 75     | Green Pines G&A Pool | 0 %          |             | 0 %                   |             | Override         | All              |

## Demonstration

- » Setup a Burden Cost Ceiling in Costpoint



## Direct Hours Ceiling



Projects > Project Setup > Project Master > Manage Project User Flow > Dir Hrs Ceil subtask



A direct hours ceiling applies to the hours associated with a PLC.

| Identification > Dir Hrs Ceil       |                            |               |
|-------------------------------------|----------------------------|---------------|
| <input checked="" type="checkbox"/> | Labor Category *           | Hours Ceiling |
|                                     | Labor Category Description |               |
| →                                   | ANA1 Analyst 1             | 10000.00      |



## Demonstration

- » Setup a Direct Hours Ceiling in Costpoint



## Employee Hours Ceilings

 Projects > Project Setup > Project Master > Manage Project User Flow > Empl Hrs Ceil subtask

 A employee hours ceiling applies to the association of an Employee with the PLC.

| Identification > Empl Hrs Ceil      |            |                                                                                                       |                  |               |
|-------------------------------------|------------|-------------------------------------------------------------------------------------------------------|------------------|---------------|
| <input checked="" type="checkbox"/> | Employee * | Employee Name                                                                                         | Labor Category * | Hours Ceiling |
| →                                   | GP002      |  Checzyinski, Cory C | P-LEN            | 80.00         |



## Demonstration

- » Setup an Employee Hours Ceiling in Costpoint



## Vendor Hours Ceilings



Projects > Project Setup > Project Master > Manage Project User Flow > Vend Hrs Ceil subtask



Establish an association between the PLC and an individual vendor/subcontractor.

| Identification > Vend Hrs Ceil      |          |                |                  |
|-------------------------------------|----------|----------------|------------------|
| <input checked="" type="checkbox"/> | Vendor * | Vendor Name    | Labor Category * |
|                                     |          |                | Hours Ceiling    |
| →                                   | V1011    | A2Z Consulting | S-LEN            |
|                                     |          |                | 100.00           |



## Demonstration

- » Setup a Vendor Hours Ceiling in Costpoint

## Cost Fee Override

 Projects > Project Setup > Project Master > Manage Project User Flow > **Cost Fee Ovrd subtask**

 Applies a fee override to the direct costs for a project.

Identification > Cost Fee Ovrd

| Account * | Account Name              | Fee Percent | Functional Currency<br>Fee on Hours | Apply to<br>R/B/A * | Billing Currency<br>Fee on Hours | Billing Currency |
|-----------|---------------------------|-------------|-------------------------------------|---------------------|----------------------------------|------------------|
| → 505-10  | Reimb Direct Travel-Airfa | 1.000000%   | 0.0000                              | All                 | 0.0000                           | USD              |

Close

## Demonstration

- » Setup a Cost Fee Override in Costpoint



[Identification](#) > **Burd Fee Ovrd**

[New](#)
[Copy](#)
[Delete](#)
[Query](#)

| <input checked="" type="checkbox"/> | Fiscal Year * | Pool * | Pool Name            | Fee Percent | Apply to R/B/A * |
|-------------------------------------|---------------|--------|----------------------|-------------|------------------|
| →                                   | 2020          | 75     | Green Pines G&A Pool | 1.000000%   | Billing          |

Close

## » Setup a Burden Fee Override in Costpoint

# Multiplier Override



Projects > Project Setup > Project Master > Manage Project User Flow > **Mult Ovrd subtask**



Applies an override multiplier percentage on the project's direct cost.

Identification > Mult Ovrd

New Copy ▼ Delete Query ▼

| <input checked="" type="checkbox"/> | Starting Account * | Ending Account * | Multiplier * | Apply to R/B/G/A * |
|-------------------------------------|--------------------|------------------|--------------|--------------------|
| →                                   | 202-01             | 202-11           | 1.0000       | Billing ▼          |

Close

## Demonstration

- » Setup a Multiplier Override in Costpoint

## The Ultimate Override



Projects > Project Setup > Project Setup Controls > Configure Project Settings

**Project Process Settings**

**Calculate PO Commitments**  
☒ Real Time ☐ By Open Period

**Select Budgeting Method**  
☐ Budgeting and ETC ☒ Advanced Budgeting

**Default Revenue Posting By**  
☒ Owning Organization ☐ Performing Organization

**Calculate Unit Pricing Based On**  
☒ Total ☐ Incremental

**T&M Rate Sequence Search For PLC Source Project**  
☐ First Row ☒ All Rows ☐ None

**Allow Revenue To Exceed**  
☒ Contract Value ☐ Funded Value

**Update Prior Year History Defaults for Adjustment Periods**  
☒ Cost Only, No Revenue ☐ Both Cost and Revenue ☐ No Adjustment Period Data  
☐ Allow this default to be changed in Update process

**Period of Performance Start and End Dates**  
 Update POP Start Date based on earliest Start Date From   
 Update POP End Date based on latest End Date From   
 Last Create Pool Links Run Date

### Total Ceiling Subtask

→ [Identification](#) > Total Ceilings

**Funding Info**

|       | Total          |
|-------|----------------|
| Total | A 1,000,000.00 |
| Cost  | N              |
| Fee   | N              |

### Revenue Info Subtask

☒ Allow Revenue to Exceed Value  
 By How Much ?



## Recap

To summarize, here are the items we have discussed:

- » A fundamental decision must be made regarding the recognition of revenue by either the Owning or Performing Org.
- » Although revenue formulas may be set at any level of the project, they cannot be stacked above each other.
- » A ceiling acts as a maximum value or cap that cannot be exceeded. Ceilings can apply to hours and amounts.
- » An override acts as an exception rate that ignores the Manage Project User Flow screen and applies a unique rate to the designated criteria.

**Any questions?**

# Thank you for attending this course



- » Send comments and feedback to
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