PA354: Managing Non-Federal Customer Contracts (VDOT)

Instructor Led Training

Welcome to Cardinal Training

This training provides participants with the skills and information necessary to use Cardinal and is not intended to replace existing Commonwealth and/or agency policies.

This course, and the supplemental resources listed below, are located on the Cardinal website (www.cardinalproject.virginia.gov) under Learning.

- Instructor led and web-based training course materials

- Job aids on topics across all functional areas

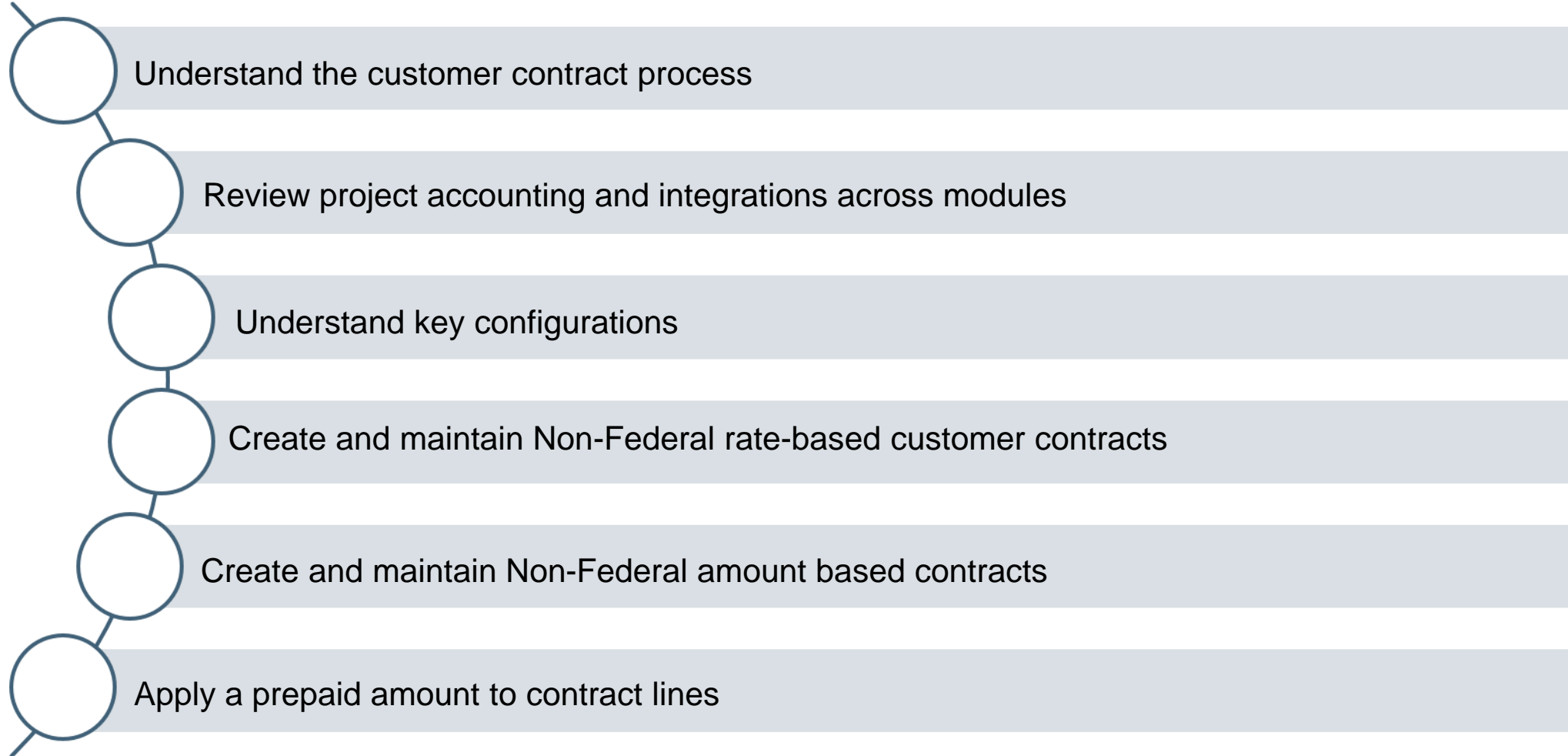The Cardinal Project Accounting Catalog is on the Cardinal website under Resources.

The system screenshots included in this training course show system pages and processes that some users may not have access to due to security roles and/or how specific responsibilities relate to the overall transaction or process being discussed.

For a list of available roles and descriptions, see the VDOT Security Handbook on the Cardinal website in the Security section under Resources.

Course Objectives

After completing this course, you will be able to:

- Understand the customer contract process

- Review project accounting and integrations across modules

- Understand key configurations

- Create and maintain Non-Federal rate-based customer contracts

- Create and maintain Non-Federal amount based contracts

- Apply a prepaid amount to contract lines

Course Objectives

After completing this course, you will be able to:

Create and maintain Non-Federal recurring contracts

How to amend a contract

Use key customer contract reports, queries, and online inquiries

Agenda

1	Overview Non-Federal Customer Contracts
2	Understanding Project Costs and Configurations
3	Create and Process a Non-Federal Rate-Based Customer Contract
4	Create and Process a Non-Federal Amount-Based Customer Contract

Agenda

5	Create and Process a Non-Federal Prepaid Customer Contract
6	Create and Process a Non-Federal Recurring Customer Contract
7	Amending Non-Federal Contracts
8	Reports, Queries and Online Inquiries

Lesson

1	Overview Non-Federal Customer Contracts

This lesson covers the following topics:

- Project Accounting Overview

- Project Accounting Process

- Key Concepts

Project Accounting Overview

Introduction
Project Accounting is composed of two modules: Project Costing and Customer Contracts.
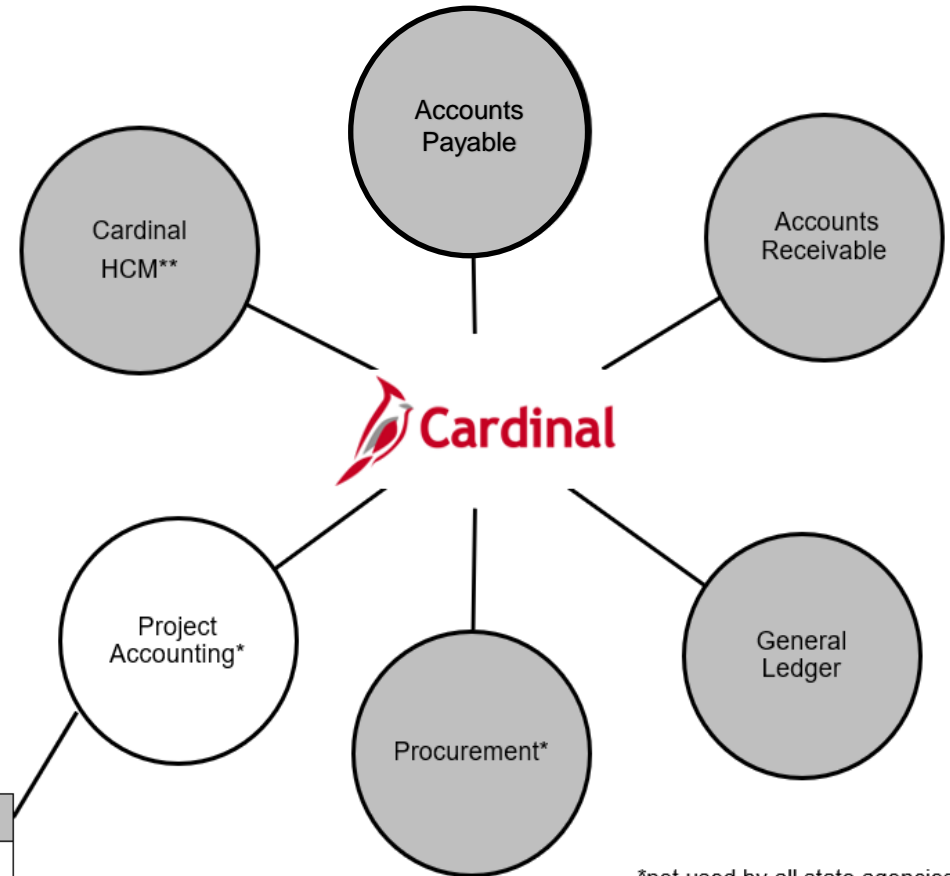
Project Costing
The Project Costing module provides a tool that identifies, controls, and tracks financial information by project. That information can be analyzed and used to measure and manage performance over the life of the project.

Customer Contracts
The Customer Contracts module allows the creation of rules that govern the billing of individuals, companies, localities and/or the federal government for project related costs. The Customer Contracts module applies those rules to costs accumulated in the Project Costing module and calculates amounts to be billed.

Cardinal Functional Areas

- Accounts Payable
- Accounts Receivable
- Cardinal HCM**
- General Ledger
- Project Accounting*
- Procurement*

Cardinal

Modules

Modules	
Project Costing	
Customer Contracts	

*not used by all state agencies
**Reach out to your agency contact regarding your use of Cardinal HCM

Project Accounting Process

Project Accounting tracks the financial transactions related to a project, automatically bills external parties for their portion of incurred costs and provides reports on the project's financial status.

Key processes in Project Accounting are:

- Create and Maintain Projects

- Create and Amend Contracts

- Collect, Distribute, and Price

- Process Billing and Revenue

- Adjustments and Reconciliation

Key Concepts

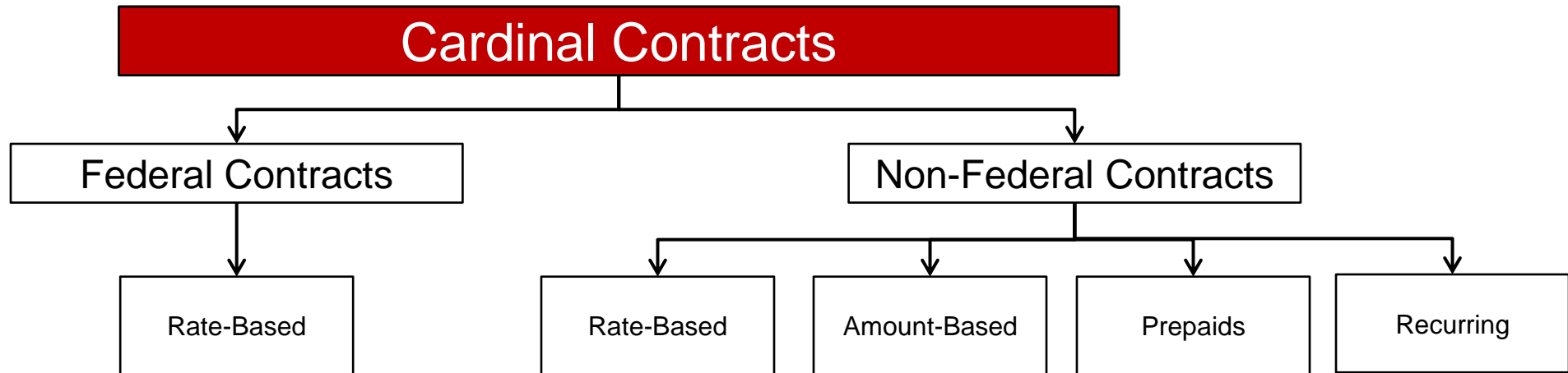Some key concepts in customer contracts include:

- Non-federal contract numbers are auto numbered in Cardinal.

- You cannot inactivate a contract and create a new contract using the same number because Cardinal does not allow duplicate contract numbers.

- Amendments are used to make changes to an active contract. They enable you to maintain an audit trail, as well as a historical record, of any changes made to the contract throughout its lifecycle.

- A project/activity combination is associated with one rate-based contract line at a time. You must remove the project/activity from a rate-based contract line that is no longer in use before you can place those combinations on a different contract line.

Non-Federal Customer Contracts

Contracts represent an agreement between the agency and a customer. A customer can be a Federal agency, a local government, company, or individual.

Cardinal contracts are identified as Federal or Non-federal, as shown below:

```
                    ┌─────────────────────────────────────┐
                    │          Cardinal Contracts          │
                    └─────────────────────────────────────┘
                        │                          │
                        ▼                          ▼
          ┌─────────────────────┐      ┌─────────────────────┐
          │  Federal Contracts  │      │ Non-Federal Contracts│
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            │ Rate-Based  │  │ Rate-Based│ │Amount-Based│ │ Prepaids │ │ Recurring│
            └─────────────┘  └───────────┘ └────────────┘ └──────────┘ └──────────┘
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Non-Federal Customer Contracts

The Customer Contracts module is an integration point between the Project Costing and Billing modules. The Billing module uses information from both the Customer Contracts and Project Costing modules to create the bill sent to the customer.

Non-federal contracts use rate-based, amount-based and recurring products. Federal contracts use rate-based products. Data generated from the contract lines pass to the Billing module to generate bills to customers.

Rate-Based Contracts:

- Rate-based contract lines enable costs to be incurred on a project and automatically billed. Billing of these costs is calculated based on a rate set attached to the contract line.

- The **Rate Set** specifies the participation rate that will be applied to expenditures for the project and activities associated to the contract line.

- You can set up limits for a rate-based contract line to ensure the billing limits related to an agreement are enforced.

- The accounting entries for rate-based billing transactions are created by Cardinal using pre-configured **Accounting Rules**.

- A prepaid amount can be associated to a rate-based contract line in order for costs to be drawn down from an advance payment received from a customer.

Non-Federal Customer Contracts

Amount-Based Contracts:

- Amount-based contracts allow you to bill a customer amounts on a one-time, periodic, or regular basis. The amounts billed do not have to be the same amount each month.

- Amount-based contract lines also provide the ability to associate a prepaid amount to the contract lines and recognize the revenue on a periodic basis.

- The accounting entries for amount-based contracts are created by Cardinal using chart of account values from **Distribution Codes**. The values are defaulted to the contract line based on the **Distribution Code** associated to the **Product** used to create the amount-based contract line.

Recurring Contracts:

- Recurring contract lines allow you to bill a customer a recurring fixed amount on a regular basis.

- When creating recurring contracts, the number of billings is predefined.

- The accounting entries for recurring contracts are created by Cardinal using chart of account values from **Distribution Codes**. The values are defaulted to the contract line based on the **Distribution Code** associated to the **Product** used to create the recurring contract line.

For tips information on determining which contract to use, see the job aid entitled **Helpful Hints for Non-Federal Contracts** located on the Cardinal website in **Job Aids** under **Learning**.

Non-Federal Customer Contracts - Create

Create Customer Contracts includes the following steps:

- Create contract header

- Create contract line(s)

- Billing Limits

- Associate Project and Activities

- Associate prepaids, if applicable

- Activate contract

Start → Create Contract Header → Create Contract Line(s) → Billing Limits → Associate Project and Activities → Associate Prepaids → Activate Contract → End
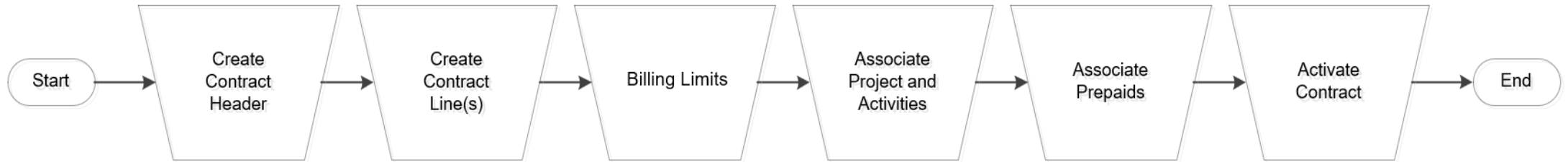
Non-Federal Customer Contracts - Amend

A contract amendment is any change made to an active contract that alters the fundamental obligations and entitlements of the contract; that is, you are changing or adding to the contract values that you previously entered. You make amendments to a contract by using the Amendment Processing feature.

Amending Federal and Non-Federal Customer Contracts includes the following steps:

- Enter Amendment Type and Reason Code

- Amend Contract Header, Contract Line(s), and/or Contract Terms

- Set Amendment Status to Ready

- Process Amendment

- Review Amendment

Start → Enter Amendment Type and Reason → Amend Contract Header, Line(s) and/or Terms → Set Amendment Status to Ready → Process Amendment → Review Amendment → End
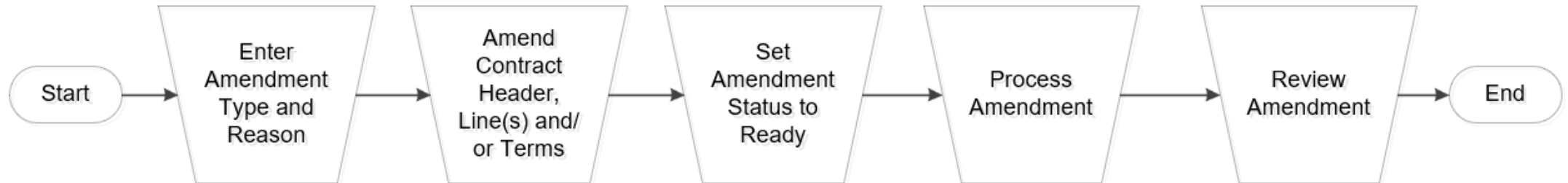
Non-Federal Customer Contracts – General Information

A contract consists of two components:

- Contract header

- Contract line(s)

The contract header contains agreement information that is relevant to the entire contract. Agreement information may include customer information, terms and conditions, and contract dates. Also stored at the header level is administrative information, such as support teams, that are associated with the contract.

A contract line contains information that is relevant to the line. You can add multiple contract lines to a contract. Each contract line has its own status thus allowing you to manage each contract line as appropriate in accordance with the terms and conditions of the contract. To make a contract available for processing, contract lines must have a status of **Active**.

Customer Contracts Page

The **Customer Contracts** page provides links to access the major functions in Customer Contracts, such as **Create and Amend**, **Review Contract Summary**, and **Determine Price and Terms**.

You can navigate to this page using the following path:

Main Menu > Customer Contracts

Customer Contracts – General Information

To view an existing **Contract**, navigate using the following path:

Main Menu > Customer Contracts > Create and Amend > General Information

- Click the **Find an Existing Value** tab.

- Enter your search criteria.

- Click the **Search** button.

- The **Search Results** display below the **Search Criteria** section.

- Click the link for the **Contract** you want to review.

Non-Federal Customer Contracts – General Information (continued)

On the **General Information** page there are up to three tabs: **General, Lines** and **Amendments**. The contract header information is located on the **General** tab and contains information relevant to the entire contract, such as **Description**, **Customer**, and **Contract Type**. The **Amendments** tab displays after the contract is activated.

Non-Federal Customer Contracts – Contract Status

Contract Status displays a user-defined value that controls what processing can occur against the contract.

Contract Statuses are associated with a **Processing Status** which designates when a contract is available for lookup and processing.

When you enter a contract, the status defaults to **Pending.**

Contract statuses used for Non-federal contracts include:

- Pending

- Active

- Closed

Contract Lines Page

The **Contract Line** information is located on the **Lines** tab and details the billing parameters that are used to calculate the amount to bill a customer.

The **Contract Line Status** works in conjunction with the **Contract Status** on the **Contract - General** page. A contract line can be eligible for processing when both the **Contract Status** and the **Contract Line Status** are set to **Active**.

Contract Lines can have a status of:
- **Active**
- **Cancelled**
- **Pending**
- **Inactive**

Lesson Checkpoint

Now is your opportunity to check your understanding of the course material. Read the question and select your answer.

1. What allows Cardinal to maintain an audit trail, as well as a historical record, of any changes made to the contract throughout its lifecycle?

2. A contract consists of what two components?

3. True or False. In Cardinal, contracts are classified as either Federal or Non-Federal.

Lesson Checkpoint (continued)

4. Match the Contract Type to it's Description:

Contract Type	Description
Rate-Based	Allows you to bill a customer a fixed amount either one time, periodic or regular basis
Recurring	Allows costs to be incurred on a project and automatically billed
Amount-Based	Allows you to bill a customer a recurring amount on a regular basis

5. What criteria warrant a rate-based contract setup?

6. What type of information do you find on the contract header? On the contract line?

Lesson Summary

1	Understanding Non-Federal Customer Contracts

In this lesson, you learned:

- The Project Accounting functional area is composed of two modules: Project Costing and Customer Contracts.

- You can only associate a project/activity combination with one contract line (and contract) at a time.

- You use amendments to make changes to **Active** contracts.

Lesson

| 2 | Understanding Project Costs and Configurations |

This lesson covers the following topic:

- Understanding Project Costs

- Understanding Configurations

Understanding Project Costs

Before a project accumulates costs, the project and its associated activities must have been created in Cardinal.

Transactional data from other modules can only be pulled into the Project Costing module if the transaction has the **PC Business Unit (PC BU)**, **Project**, and **Activity ChartFields** populated, and the entries have posted in the GL module. The screenshot below is an example of these three fields in the General Ledger module on the **Create/Update Journal Entries** page.

Understanding Project Costs (continued)

Transactions entered in other modules, which contain project costing ChartFields, are pulled into project costing and populated on the project transaction table. These transactions are assigned analysis types which enable Project Costing to process them further for billing and / or funds distribution.

Analysis Types are categories that are assigned to transactions to identify different types of transactions, such as estimated costs, budgeted amounts, actual costs, and billed costs. A single transaction can create multiple transaction rows on the project table. These transaction rows may be processed further and result in additional transactional rows being created and distinguished by the associated analysis type.

You can use reports, online inquiries, and **Analysis Types** to review and analyze transactions between source modules and the Project Costing module.

Analysis Groups identify a group of **Analysis Types** and are used to analyze project costs. They are needed for many Project Costing project analysis functions and mass changes to execute properly.

System Source identifies where the row was generated. Examples would include: **GL Batch** (**BGL**), **AP Batch** (**BAP**), **AR Batch** (**BAR**), **EX Batch** (**BEX**), **KK Budget Journal** (**PKK**).

Understanding Project Costs - Analysis Types

Analysis Types:

CNV, ACT, ATE, PAY, FDS and **FDR** are used to denote original transactions and are all eligible for billing if the project and activity associated to the expenditure is defined on an active **Customer Contract**. In rare cases, transactions with analysis type **ATT** are eligible to be billed for federal contracts.

BIL means the amount can be billed.

BIL, BLD, BAJ, OLT, NBL, DEF, FBD and **UTL** denote billing transactions.

FRV denotes revenue transactions for amount-based contracts.

BD1 denotes Budget rows for specified project.

ATR, ATL, ATA, ATQ are original transactions that are not eligible for billing.

Analysis Type	Description
CNV	Converted Expenditures
ATE	Account Type-Expense
PAY	Time and Labor Actual
FDR	Fund Distribution Reversals
FDS	State Distribution
ACT	Actual Cost
BIL	Billable Amount
BLD	Billed Amount
BAJ	Billing Adjustment
OLT	Over Limit Amount
DEF	Billing Deferred Amount
NBL	Not Billable
ATT	Account Types-Transfer
ATR	Account Type-Revenue
ATL	Account Type-Liability
ATA	Account Type-Asset
ATQ	Account Type-Equity
FBD	Fixed Cost Billed Amount
FRV	Fixed Cost Revenue Amount
UAJ	Prepaid Utilization Adjustment
UTL	Prepaid Utilization (Billing)
BD1	Total Cost Budget - Scenario 1

Understanding Project Costs – Integrations

The term Integration refers to data that flows from one functional area module to another functional area module within Cardinal.

General Ledger (GL), Accounts Payable (AP), Expenses (EX), Accounts Receivable (AR), and Commitment Control (KK) all send project transactions to Project Costing during nightly batch processing if the transactions include Project Costing ChartFields, i.e., **PC Business Unit**, **Project**, and **Activity**, in the distribution.
This includes:

- GL journals that originate in GL

- AP vouchers

- EX employee expense

- AR direct journal accounting lines

- KK budget journal lines

Time and Labor (TA) sends project related transactions to Project Costing periodically when time and labor costs are allocated if the transactions include Project Costing ChartFields.

- TA timesheet data transactions

The Procurement functional area is not a direct Integration but the data still ultimately flows to the Project Accounting functional area.

- Requisitions and Purchase Orders are created within the Procurement functional area and this data is integrated to the Accounts Payable functional area to create Vouchers. This data is integrated from Accounts Payable to the Project Costing module within Project Accounting via nightly batch processing.

Integrations between Functional Areas with Cardinal

- The Customer Contracts and Project Costing modules send billing information to the Billing module.

- The Billing module generates invoices and accounting entries for the contract lines and sends information regarding invoices back to the Customer Contracts and Project Costing modules.

Note: Review Section 5: Integrations and Interfaces in the course titled **PA150_Project Accounting Overview** located on the Cardinal website in **Web-Based Training (FIN)** under **Learning**.

Integrations between Functional Areas within Cardinal

Understanding Project Costs – Integrations (continued)

Transactions from other modules are posted to Project Costing with an **Analysis Type** based on the source module and the **Account** associated with the transaction.

Source Module	Account	Analysis Type	Analysis Type Description
AP, EX	Expense	ACT	Actual Cost
GL, AR	Expense	ATE	Account Type - Expenses
GL, AR, AP, EX	Revenue	ATR	Account Type - Revenue
GL, AR, AP, EX	Asset	ATA	Account Type - Asset
GL, AR, AP, EX	Liability	ATL	Account Type - Liability
GL, AR, AP, EX	Equity	ATQ	Account Type – Equity
GL, AR, AP, EX	Transfer	ATT	Account Type - Transfer

Configuration Items Required by Contract Type

Configuration Item	Rate-Based	Amount-Based	Recurring
Distribution Code	✓	✓	✓
Product	✓	✓	✓
Source Type	✓		
Category	✓		
Rate Set	✓		
Accounting Rule	✓		
Product Group	✓	✓	✓
Detail Bill Plan Template	✓	✓	✓
Product Rate Default	✓		
Revenue/Bill Plan Template	✓	✓	✓
Distribution Sets		✓	✓

Understanding Configurations

Configuration	Purpose
Distribution Code/ Distribution Sets	Used to identify the distribution accounting that the system associates with recurring and amount-based contract lines. You can define any number of combination criteria and hierarchy for the distribution rules. These rules identify the accounting distribution sets and determine in what order to apply them.
Product	A classification that defines and categorizes the item / service that is to be billed. The product definition is used to default many of the contract line billing attributes, including the price type of the contract line (Amount-Based, Rate-Based, Recurring).
Source Type/Category	Optional fields that identify the purpose, or source, of transactions. Source Types are used as additional identifiers on billing transactions and are key in determining the accounting entries. Categories further define source types. Categories are combined in source groups for reporting and analysis.
Rate Set	Specifies the participation rate that will be applied to expenditures for the project and activities associated to the contract line. A Rate Set has two parts: • The source criteria that the Pricing process uses to determine how and where to process cost transactions coming in from feeder systems. • The target definition of the cost, billing, or revenue recognition row that the Pricing process creates.
Accounting Rule	Contracts accounting rules are used to generate billing and revenue accounting entries for rate-based transactions that originate in Project Costing or fee-based transactions that originate in Contracts.

Understanding Configurations (continued)

Configuration	Purpose
Product Group	Controls the assignment of the AR accounting string that is used when Billings are generated for contracts. The naming convention of the product group is defined by the type of contract, Fund and Account associated to each product. A product group is a high-level grouping of products. Product groups categorize products based on a business model. Individual products or a product kit can be associated to the product group.
Detail Bill Plan Template	Stores the timing of when billing occurs, how bill lines appear, and which notes relate to the bill. Billing Plans are required for every contract line to process billing for those contract lines.
Product Rate Default	A Product Rate Default associates a Product ID with a default Rate Set. The system uses this rate set as the default rate set when defining the Contract Terms on a Contract Line.
Revenue Billing Plan Templates	Automate the creation of revenue and billing plans. Depending on the plan method (As Incurred, Apportionment, Recurring), billing and revenue events are automatically entered on the contract line when these templates are associated with a contract. Templates provide flexibility for automating the revenue and billing plan process.

Lesson Checkpoint

Now is your opportunity to check your understanding of the course material. Read the question and select your answer.

1.   Project costs are created in many modules. Name two of them.

2.   What ChartFields must be populated for the project transactions to be sent to Project Costing?

3.   What is the term for a classification that defines and categorizes the item / service that is to be billed?

Lesson Summary

2	Understanding Project Costs

In this lesson, you learned:

- Project transactions must have the **PC BU**, **Project**, and **Activity** ChartFields in order to integrate with Project Costing.

- **Analysis Types** are used to identify different types of transactions in the Project Costing module.

- The **Analysis Types** used to identify transactions are determined by their source modules (Accounts Payable, Accounts Receivable, etc.)

- How configurations are utilized for **Rate-Based**, **Amount-Based** and **Recurring** contracts.

Lesson

Create and Process a Non-Federal Rate-Based Customer Contract

This lesson covers the following topics:

- Create a non-federal rate-based customer contract

- Process a non-federal rate-based customer contract

- Accounting for non-federal rate-based customer contract
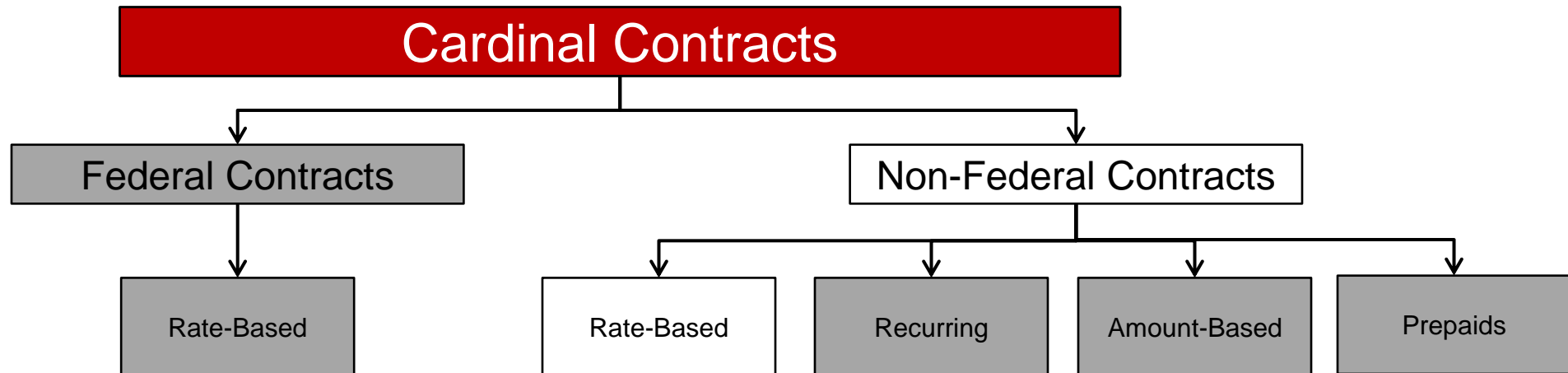
Non-Federal Rate-Based Contracts

Non-Federal rate-based contracts are created by adding contract lines with a rate-based product. Each contract line must have one or more project/activity combinations and a rate set.

Project Costing (PC) receives cost rows which include PCBU, project and activity as they are posted in GL. These cost rows are priced based on the rate set associated to the contract line and creates billable rows.

The Customer Contracts module sends the billable rows to the Billing module where invoices are created.

Once the cost row has been processed and the billable amount invoiced in Billing, the cost row cannot be processed for billing again.

The accounting entries for the billing and revenue are managed by the Customer Contracts module. Accounting Rules define the Chartfield values that are used to send the billing entries to Billing and the revenue entries to GL.

Processing Non-Federal Rate-Based Customer Contracts

Determine Eligible Transactions

Once a contract has been activated, the system will process the contract during our nightly batch process. Cardinal identifies all project related transactions which have the project and activity combinations associated to active contracts and have not been previously billed. These transactions are available for processing.

Price Eligible Transactions

The Pricing process will apply the participation rate defined in the contract line's Rate Set to the transactions identified as being eligible for billing and creates billing (BIL) transactions. The billing (BIL) transactions are created with the source type (Entry Type) value and Category (Entry Reason) value defined in the contract line's rate set.

Limit Check Billable Transactions

Next, the Limits process determines if there is a Billing Limit defined for the contract line. If a Billing Limit exists, the process will compare the sum of the billing (BIL) transactions against the remaining contract line limit. If a remaining limit amount exists for the contract line, the Billing (BIL) transactions are eligible to be processed over to the Billing Module.

If a remaining limit amount does not exist, the billing (BIL) transactions are changed to Over the Limit (OLT) transactions. The OLT transactions remain in the project transaction table until the billing limit amount for the contract line is increased. If the billing limit amount is increased, the OLT transactions are re-priced and changed to BIL transactions that are eligible to be processed over to the Billing Module.

Processing Non-Federal Rate-Based Contracts (continued)

Send Billable Transactions To Billing
The Contracts to Billing process sends the billable transactions (BIL) to the billing interface tables. In addition, information from the contract bill plan is populated in the billing interface tables. This data is used by the Billing Interface to determine how invoices will be created in the Billing Module.

Create Invoice in Billing
The Billing Interface process runs after the Contracts to Billing process and determines how each project billing transaction is associated with a bill in the Billing module. The billing transactions are pushed to a new invoice in the Billing Module if there is no existing invoice for the customer in **New** status at the time the Billing Interface runs. If there is an existing invoice for the customer in **New** status, the lines are added to the existing invoice.

The bill status for the invoice must be set to **Ready (RDY)** to finalize the bill and print the invoice.

Creating a Non-Federal Rate-Based Contract Process

The Create Customer Contracts process for non-federal recurring contracts involves the following steps:

- Create contract header

- Create contract line(s)

- Associate Rate Set and Billing Limits

- Associate project and activities

- Set Up Events on the Billing and Revenue Plans

- Activate contract

Start → Create Contract Header → Create Contract Line(s) → Associate Rate Set and Billing Limits → Associate Project and Activities → Set Up Events on the Billing and Revenue Plans → Activate Contract → End

Accounting for Non-Federal Rate-Based Contracts

Rate-based **Products** are used to create a rate-based contract line. The **Product** defaults the contract line rate set, contract billing plan and revenue plan details.

Product nomenclature (naming convention) consists of the **Distribution Code** and **Participation Rate** with an underscore between the two values. The rate-based **Product** does not default the accounting distribution for the contract line. Rate-based accounting entries are controlled by **Accounting Rules**.

The **Distribution Code** name is used in the naming of the **Product** and **Accounting Rule** to easily determine the Chartfield string that will be used to create the accounting entries for rate-based contract billing and revenue.

In the example below, we will bill the Town of Suffolk two percent of project costs. The project charges are being expended to the construction fund.

Distribution Code	Effective Date	Effective Status	Long Description	Short Description	Acct	Dept ID	Fund	Cost Center	Program	Project	Activity
PROJEPRO05	1-Jan-01	A	Partic - CCT/OTH-Suffolk	PROJEPR005	40042011	15000	4720				

Configuration	Name	Source Type	Category
Distribution Code	PROJEPRO05		
Product	PROJE_PRO05_2		
Rate Set	PROJE_PRO05_2	PROJE	PRO05
Accounting Rule		PROJE	PRO05

Accounting for Non-Federal Rate-Based Contracts – Send Revenue to GL

Accounting Rules are used in Cardinal to create the revenue accounting entries associated with rate-based contract billing. The accounting rules are predefined using **Source Type** (Entry Type) and **Category** (Entry Reason) combinations.

The presence of the **Source Type** and **Category** combinations on each billing transaction determines the specific accounting rule used to post revenue in the General Ledger. The Contracts Module also sends the accounting data to the Billing Module and this data is used to post billing entries for finalized invoices to the General Ledger.

Since the Contracts Module controls the generation of revenue and the Billing Module controls the generation of entries for finalized invoices, Cardinal uses the Contract Asset account as a suspense account to clear the transactions. The Contract Asset account should always have a zero-dollar balance.

Event	Journal Prefix	Debit	Credit
Finalized Invoice	BI	Accounts Receivable	Contract Asset
Revenue Recognition Process	CAREV	Contract Asset (Unbilled AR)	Revenue
Payment Received	AR	Cash	Accounts Receivable

Demonstration

In this demonstration, the Instructor will demonstrate the following:

- Creating a Non-Federal Rate-Based Contract

Hands-On Exercise

Your instructor will provide detailed instructions on how to log in and complete the exercise.

Lesson Checkpoint

Now is your opportunity to check your understanding of the course material. Read the question and select your answer.

1. For non-federal rate-based contracts, the rows with the **Analysis Type** of _____ are limit checked against the contract line **Billing Limit**.

2. For rate-based contract billing, what happens when the total amount to be billed to the line exceeds the line **Billing Limit**?

3. Non-federal accounting rules are defined by _____, _____ and _____.

Lesson Summary

3	Create and Process a Non-Federal Rate-Based Customer Contract

In this lesson, you learned:

- How to create a non-federal rate-based customer contract

- How to process a non-federal rate-based customer contract

- How the accounting for non-federal rate-based customer contract works in Cardinal

Lesson

This lesson covers the following topics:

- Create a non-federal amount-based customer contract

- Process a non-federal amount-based customer contract

- Accounting for non-federal amount-based customer contract
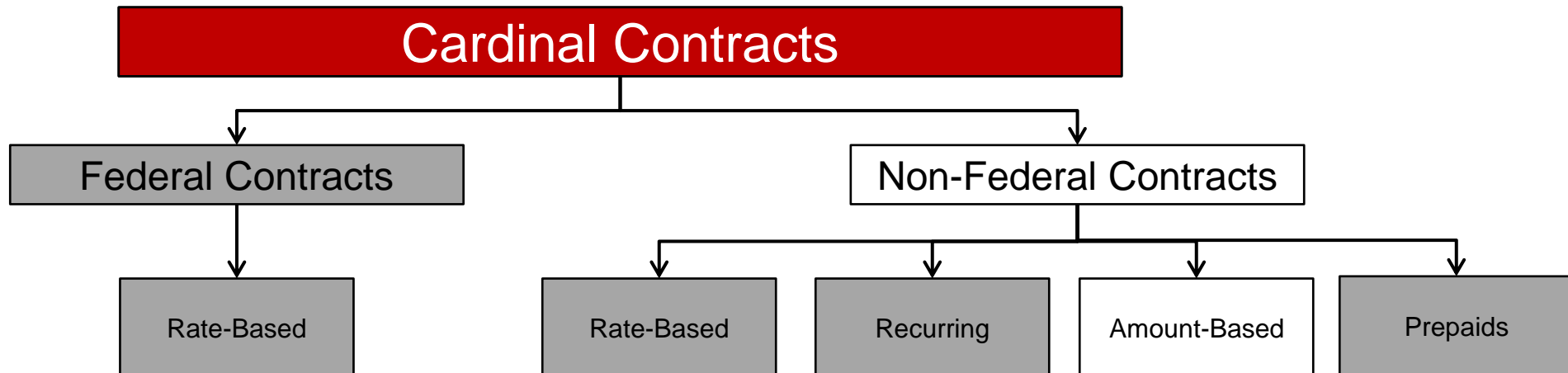
Creating Non-Federal Amount-Based Contracts

Non-Federal amount-based contracts are used when you need to bill varying amounts on a set or variable schedule. The billing is not dependent on charges being incurred on a project. However, you must associate the project and one activity to the contract.

When you create an amount-based contract line, the billing and revenue events must be defined to include the event dates and event amounts. The dates and amounts on both the billing and revenue plans must match exactly.

The accounting distribution defaults from the Product used to create the contract line.

The contract bill plan event date controls when the contract is eligible to bill. On the billing plan event date, the billable amount is sent to the Billing module. The contract revenue event date controls when revenue for the contract billing event will be generated to GL.

The Products used to create amount-based contract lines are configured to use Distribution Sets to associate the appropriate Distribution Code to the Product. This allows the accounting distribution to default to the contract line when saved.

Creating a Non-Federal Amount-Based Contract Process

The Create Customer Contracts non-federal amount-based contracts involves the following steps:

- Create contract header

- Create contract line(s)

- Associate Project and Activities

- Update accounting distribution(s) and Allocate amounts

- Set up events on the billing and revenue plans

- Activate the contract

Start → Create Contract Header → Create Contract Line(s) → Associate Project and Activities → Update Accounting Distribuion & Allocate Amounts → Set Up Events on the Billing and Revenue Plans → Activate Contract → End
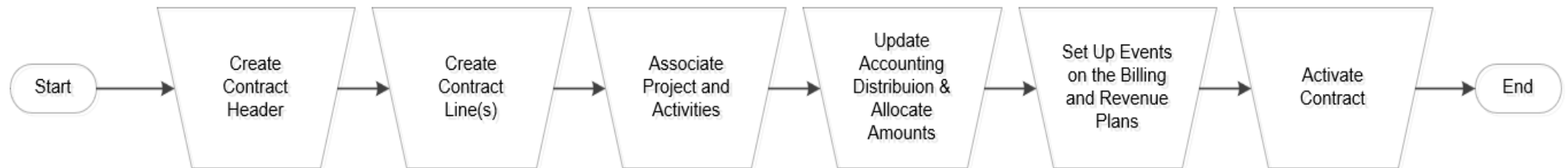
Processing Amount-Based Non-Federal Contracts

Send Billing Amount To Billing

The Contracts to Billing process sends the **Event Amount** (BIL) to the billing interface tables when the **Event Date** for events with an **Event Status** of **Ready** becomes the current date.

In addition, information from the contract bill plan and accounting distribution populate in the billing interface tables. This data is used by the Billing Interface to determine how invoices will be created in the Billing Module.

Create Invoice in Billing

The Billing Interface process runs after the Contracts to Billing process and determines how each project billing transaction is associated with a bill in the Billing module.

The billing transactions are pushed to a new invoice in the Billing Module if there is no existing invoice for that customer in **New** status at the time the Billing Interface runs. If there is an existing invoice for the customer in **New** status, the lines are added to the existing invoice.

The bill status for the invoice must be set to **Ready (RDY)** to finalize the bill and print the invoice.

Accounting for Non-Federal Amount-Based Contracts – Sending Revenue to the GL

The **Fixed Amount Revenue** process populates the Contracts Module tables with the accounting distribution lines and **Event Amount** when the **Revenue Event** date for events with an **Event Status** of **Ready** becomes the current date.

Since the Contracts Module controls the generation of revenue and the Billing Module controls the generation of entries for finalized invoices, Cardinal uses the Contract Asset account as a suspense account to clear the transactions. The Contract Asset account should always have a zero-dollar balance.

Event	Journal Prefix	Debit	Credit
Finalized Invoice	BI	Accounts Receivable	Contract Asset (Unbilled AR)
Revenue Plan Event Date	CAREV	Contract Asset (Unbilled AR)	Revenue
Payment Received	AR	Cash	Accounts Receivable

Demonstration

In this demonstration, the Instructor will demonstrate the following:

- Creating a Non-Federal Amount-Based Contract

Hands-On Exercise

Your instructor will provide detailed instructions on how to log in and complete the exercise.

Lesson Checkpoint

Now is your opportunity to check your understanding of the course material.

Answer the review question below:

1. What is the connection between **Revenue** & **Billing Plan** events for an amount-based contract?

Lesson Summary

4	Create and Process a Non-Federal Amount-Based Contract

In this lesson, you learned:

- How to create a non-federal amount-based customer contract

- How to process a non-federal amount-based customer contract

- How accounting for non-federal amount-based customer contract works in Cardinal

Lesson

This lesson covers the following topics:

- Create a non-federal rate-based prepaid

- Create a non-federal amount-based prepaid (Deferred)
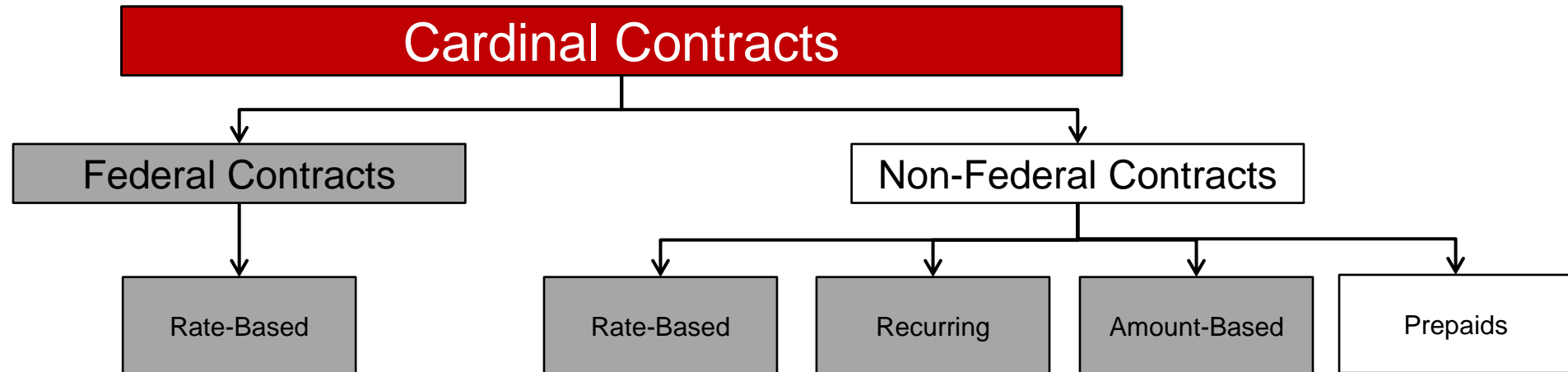
Non-Federal Prepaid Contracts

There are some agreements which require the customer to pay their portion of project costs in advance of work being initiated on the project. In these cases, the advance payment from the customer is considered a prepaid. There are two ways a contract can be set up to recognize the amount received in advance as expenses are incurred on the project or over a pre-defined schedule.

Rate-Based Prepaid: A rate-based prepaid allows the advance payment to be drawn down (utilized) as expenditures are incurred on the project and processed for billing. The revenue is recognized at the time the contract invoice is finalized in the billing module.

Amount-Based Prepaid: The amount-based prepaid allows you to recognize revenue for the advance payment in equal increments over a pre-defined schedule. This type of prepaid is created when a rate-based contract cannot be set up to bill the customer.

Accounting for Rate-Based Prepaid Contracts

Event	Journal Prefix	Debit	Credit
Initial Prepaid Invoice Finalized	BI	Accounts Receivable	Contract Liability
Cash Received	AR	Cash	Accounts Receivable
Cost Invoice Finalized	CA	Contract Liability	Contract Asset (Unbilled AR)
Cost Invoice Finalized (Billing Manages Revenue)	CAREV	Contract Asset (Unbilled AR)	Revenue

Once you establish the prepaid for the contract, the initial prepaid is processed during nightly batch and an invoice is created in the Billing Module. This invoice is finalized, and an item is created during batch processing in the Accounts Receivable Module. Once the item has been created, the cash received from the customer can be applied to the item as a payment.

The **Bill Plan** for the rate-based contract line **must be placed on hold** until the item created from the initial prepaid has been fully processed in Accounts Receivable and billing information returned to Contracts. Placing the **Bill Plan** on hold prevents costs from being priced and billable rows sent to Billing before the Initial prepaid Bill Plan is completed. The hold can be removed the day after the item for the initial prepaid is closed.

As project transactions are processed against the contract, the transaction amounts draw down the Prepaid Balance accordingly and are pushed to billing for processing. These invoices are finalized by the system once every month.

You can change an initial prepaid amount after it is processed by creating and processing an amendment. One example of this, is when a prepaid amount is reduced down to the unused prepaid balance.

Accounting for Amount-Based Prepaid Contracts

Event	Journal Prefix	Debit	Credit
Initial Prepaid Invoice Finalized	BI	Accounts Receivable	Contract Asset (Unbilled AR)
Process Contract Liability	CA	Contract Asset (Unbilled AR)	Contract Liability
Cash Received	AR	Cash	Accounts Receivable
Revenue Event Date	CAREV	Contract Liability	Revenue

Once you establish the prepaid for the contract, the initial prepaid is processed during the nightly batch and a bill is created in the Billing Module. This invoice is finalized, and an item is created during batch processing in the Accounts Receivable Module. Once the item has been created, the cash received from the customer can be applied to the item as a payment.

You can change an initial prepaid amount after it is processed by creating and processing an amendment. One example of this, is when a prepaid amount is reduced down to the unused prepaid balance.

Demonstration

In this demonstration, the Instructor will demonstrate the following:

- Create a Non-Federal Rate-Based Prepaid

Demonstration

In this demonstration, the Instructor will demonstrate the following:

- Create a Non-Federal Amount-Based Prepaid

Hands-On Exercise

Your instructor will provide detailed instructions on how to log in and complete the exercise.

Lesson Checkpoint

Now is your opportunity to check your understanding of the course material. Read the question and select your answer.

1. With an amount-based prepaid contract, when is contract liability recognized?

2. What controls the number of revenue events when creating an amount-based prepaid contract?

Lesson Summary

| 5 | Non-Federal Prepaid Contracts |

In this lesson, you learned:

- Create a non-federal rate-based prepaid

- Create a non-federal amount-based prepaid (Deferred)

- Rate-Based prepaid amounts are drawn down as expenditures are incurred against the project associated to the contract.

- An amount-based prepaid contract is established for a contract when the customer pays in advance, and you wish to recognize the revenue equally over a predetermined period of time.

- For an amount-based prepaid contract line the number of revenue events are pre-populated based on the **Revenue Plan Template** selected when the contract line was added. No update is required.

Lesson

This lesson covers the following topic:

- Create a non-federal recurring customer contract

- Process a non-federal recurring customer contract

- Accounting for non-federal recurring customer contract
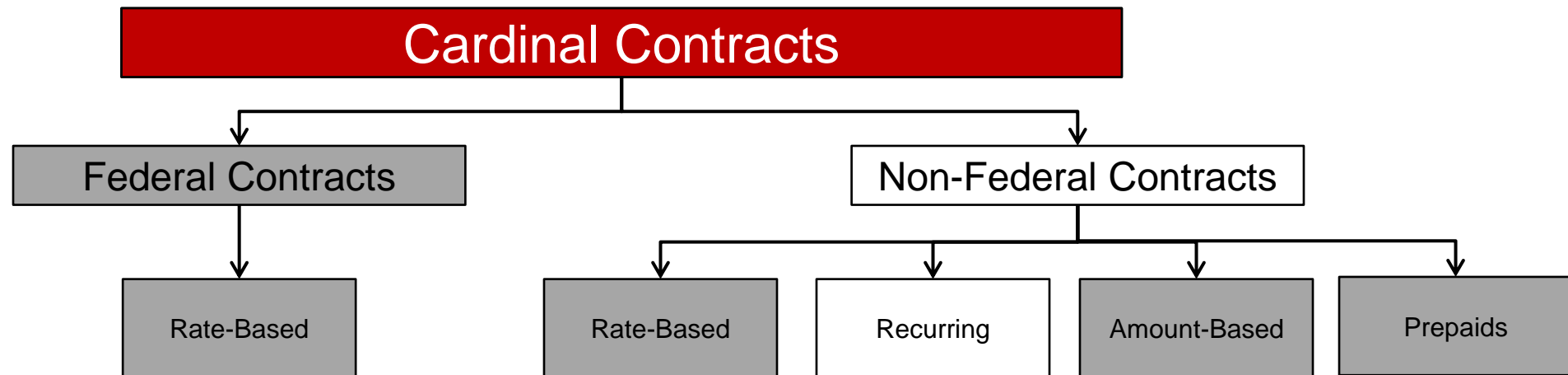
Creating a Non-Federal Recurring Contract

Non-Federal recurring contracts allow you to bill a customer a recurrent fixed amount on a regular basis. When you create a recurring contract, the number of billings is predefined.

Recurring contract lines generate bills against a single project/activity combination. The accounting distribution defaults from the Product used to create the contract line.

The contract bill plan start date and schedule control when the contract is eligible for billing. On the scheduled billing date, the billable amount is sent to the Billing module along with the appropriate accounting distribution.

The Products used to create recurring contract lines are defined based on a specific billing amount. As a result, the Product will need to be configured prior to each contract being created.

For recurring contract lines, the Billing module manages revenue and handles recording revenue for recurring contract billings. As a result, Revenue Plans are not defined on the contract line for recurring contracts.

Creating a Non-Federal Recurring Contract Process

The Create Customer Contracts process for non-federal recurring contracts involves the following steps:

- Create contract header

- Create contract line(s)

- Associate project and activities

- Activate contract
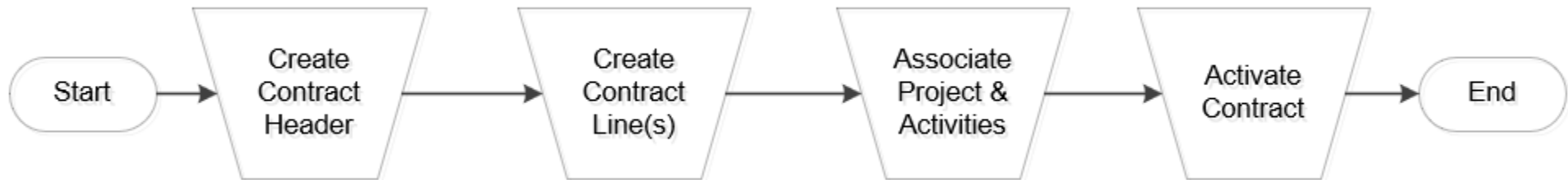
Processing Non-Federal Recurring Customer Contracts

Send Billing Amount To Billing

The Contracts to Billing process sends the billable amount (BIL) to the billing interface tables on the 12th of the month based on the schedule associated to the product used to create the contract. In addition, information from the contract billing plan and accounting distribution is populated in the billing interface tables. This data is used by the Billing Interface to determine how invoices will be created in the Billing Module.

Product ID	Product Description	Product Group	Distribution Code	Distribution Code Descr	Account	Dept ID	Fund	Cost Center	Program
REC_PRO02_1039.91	Recurring Contract 1039.91	REC_CONCCT	PROJEPRO02	Partic -CON_CCT/OTH-Salem	40042011	12000	4720		

For contract lines created with **Product** REC_PRO02_1039.91, the billing amount of $1,039.91, Fund 04720, Deptid 12000 and Account 40042011 will be sent to the billing interface table.

Create Invoice in Billing

The Billing Interface process runs after the Contracts to Billing process and determines how each project billing transaction is associated with a bill in the Billing module. The billing transactions are pushed to a new invoice in the Billing Module if there is no existing invoice for the customer in **New** status at the time the Billing Interface runs. If there is an existing invoice for the customer in **New** status, the lines are added to the existing invoice.

The bill status for the invoice must be set to **Ready (RDY)** to finalize the bill and print the invoice.

Accounting for Non-Federal Recurring Contracts (continued)

Once recurring bills are finalized, the Billing Module creates the accounting line used by the Journal Generator process to create the journal in General Ledger (GL). In GL, the following entries are created for the recurring contract billing process:

Event	Journal Prefix	Debit	Credit
Finalized Invoice	BI	Accounts Receivable	Revenue
Payment Received	AR	Cash	Accounts Receivable

Demonstration

In this demonstration, the Instructor will demonstrate the following:

- Creating a Non-Federal Recurring Contract

Hands-On Exercise

Your instructor will provide detailed instructions on how to log in and complete the exercise.

Lesson Checkpoint

Now is your opportunity to check your understanding of the course material. Read the question and select your answer.

1. True or False. Recurring contracts bill based on existing project expenditures.

2. True or False. A project/activity combination that is currently associated to an existing contract can be associated and billed to a recurring contract.

3. True or False. Recurring contract events bill for varying amounts.

Lesson Summary

| 6 | Create and Process a Non-Federal Recurring Contract |

In this lesson, you learned:

- Recurring contract lines generate recurring bills against a single project/activity combination.

- You can preview future recurring billing events associated with the bill plan on the **Recurring Detail** tab of the billing plan.

- All non-federal recurring contracts by-pass the billing worksheet for approval.

Lesson

7 Amending Non-Federal Contracts

This lesson covers the following topics:

- Understanding amendments

- Changing contract header information

- Changing a contract line

- Changing contract terms

- Changing a prepaid

- Changing contract amounts

Understanding Amendments

Once you create a contract and the contract status is **Active**, most changes to the contract are made using amendments. Amendments allow you to maintain an audit trail as well as a historical record of changes to the contract throughout its lifecycle. You can add or remove project/activity combinations to and from a contract line without using an amendment; however, most modifications require an amendment.

You create an amendment by accessing the **Contract Amendments** page. On this page, you define the high-level details of the amendment, including the amendment type and amendment reason. The edits you can make include changing/adding contract lines, changing contract header information, changing/updating the contract terms, changing/updating the contract amount, and changing/updating prepaids.

When you save contract amendments, Cardinal saves the new data in a separate amendment table and assigns the amendment an amendment number.

When you are finished creating the amendment, set the amendment to a status of **Ready**. You then process the amendment by clicking the **Process Amendment** button. This process changes the amendment status to **Complete**, and the values from the amendment become the current contract values.

Non-Federal Billing Adjustments

Once contract billings have been processed, requests may be received to make an adjustment to billed amounts. Because of the integration between the Billing, Contracts and Project Costing modules, each instance requiring an adjustment to billing will need to be analyzed to ensure the proper steps are taken to keep the modules in agreement.

Adjustments for Rate-Based Contracts should be made by updating the project expenditures to ensure expenditures and billings stay in line.

Adjustments for Amount-Based Contracts should always be processed through an Amendment by increasing or decreasing the Contract Amount.

Demonstration

In this demonstration, the Instructor will demonstrate the following:

- Amending Non-Federal Contracts

Hands-On Exercise

Your instructor will provide detailed instructions on how to log in and complete the exercise.

Lesson Checkpoint

Now is your opportunity to check your understanding of the course material. Read the question and select your answer.

1. What changes can be made to a contract without having to amend the contract?

2. What makes data entered as an amendment active in the system?

Lesson Summary

7	Amending Non-Federal Contracts

In this lesson, you learned:

- Once you create a contract and its status is **Active**, all changes to the contract are made using amendments.

- Amendments are created by accessing the **General Information** page. From the **General Information** page, you can navigate to many pages and tabs where you can select the **Amend Contract** button.

- When amendments are saved, Cardinal saves the new data and assigns the number to the amendment.

Lesson

| 8 | Customer Contracts - Reports, Queries, and Online Inquiries |

In this lesson, you will learn about the following topics:

- Reports

- Queries

- Online Inquiries

Reports

Customer contracts reports can be run at various intervals. There are numerous customer contracts reports available. Key customer contracts reports include:

Report Name	Navigation	Report Description
RPA90 – Project Expenditure Report by Employee	Main Menu > Project Costing > Reports > Project Expenditure by Employee	This report provides detailed information for employee charges posted to projects such as Employee ID, Employee Name, Employee Dept, Number of Hours, Journal ID, etc.
RPA105 – Summary of Financial Activity by Project or Contract	Main Menu > Customer Contracts > Reports > Financial Activity by Proj/Con	This report provides the total amount billed and collected for a particular project or a customer contract. Also, provides the status of prepaid amounts and the project budget. This report is used to review customer contract data.
RPA145 – Transaction Relationship Report	Main Menu > Customer Contracts > Reports > Transaction Relationship Rpt	This report traces billed amounts from invoice to the original transaction. Fiscal Division users that receive specific requests to provide backup documentation related to invoices can use this report to trace back to the original transaction and ultimately to the related journal entry.
RPA149 – Prepaid Report	Main Menu > Customer Contracts > Reports > Prepaid Report	This report identifies amounts received from customers in advance of project billing. This report will identify the initial prepayment amount and amounts drawn down over the life of the project. The report summarizes data by fund and account for each project and customer contract combination. Fiscal Division will use this report to monitor funds received in advance as well as the remaining amount for an advance

Reports (continued)

Report Name	Navigation	Report Description
Billing Management	Main Menu > Customer Contracts > Reports > Prepaid Management	Displays details of billing plans, including the events associated with those plans, the status of the events, and the amount(s) of future billings. **Note:** This report displays billing plans with open events only.
Revenue Management	Main Menu > Customer Contracts > Reports > Prepaid Management	Displays revenue plans, including the status of these plans and the events associated with them. The report also displays the status of the events and the amount of future revenue. Note: This report displays billing plans with open events only.
Limit Amount Report	Main Menu > Customer Contracts > Reports > Limit Amount	This report displays the details of a contract's limit amounts including limit amounts, amount remaining for the limit, amounts in excess, and transaction and processing dates for the limits. The details of the report are determined by the criteria that is set on the Limit Amount report run control page.
Prepaid Management Report	Main Menu > Customer Contracts > Reports > Prepaid Management	This report displays the details on prepaid balances, including the status, the date the balances are expected to expire, and the amount remaining. The details of the report are determined by the criteria that is set on the Prepaid Balance report run control page.

Queries

Customer contracts queries can be run at various intervals. There are numerous Customer contracts queries available. Key customer contracts queries include:

Report Name	Navigation	Report Description
Project Distribution Codes	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_DISTRBUTION_CODES	This query identifies all Distribution Codes in Cardinal. The results can be used to identify if new distribution codes need to be defined and to identify which products to use when creating Rate-Based, Amount-Based and Recurring Products.
Contract Products (Amount and Recurring)	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_CUST_CONTRACT_PRODUCTS	This query identifies all Amount and Recurring Products with the associated accounting distribution. This query is used to determine which product should be used when creating Amount-Based and Recurring contract lines.
Allowable and Unallowable Project Expenditure Accounts	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_PROJ_EXPENDITURE_ACCTS	This query identifies all project expenditure transactions associated to the preconfigured allowable or unallowable Accounts. This query is used to review project expenditures during the final voucher process to close out a Federal project.
Contract with No Billing	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_CA_NO_BI	This report identifies any contracts for which no billings have been processed. This report is to review customer contract statuses.

Queries (continued)

Report Name	Navigation	Report Description
Contract on Billing Hold	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_CA_BI_HOLD	This query identifies active contracts that have been put on billing hold, that have suspended billing, or deferred lines on a billing worksheet. This query is used to monitor processing of billing holds, suspended billings or deferred billing worksheet lines related to active Customer Contracts in order to ensure these items are resolved and billing continues in a timely manner.
Project Distribution Codes	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_DISTRBUTION_CODES	This query identifies all Distribution Codes in Cardinal. The results can be used to identify if new distribution codes need to be defined and to identify which products to use when creating Rate-Based, Amount-Based and Recurring Products.
Contract Products (Amount and Recurring)	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_CUST_CONTRACT_PRODUCTS	This query identifies all Amount and Recurring Products with the associated accounting distribution. This query is used to determine which product should be used when creating Amount-Based and Recurring contract lines.
Allowable and Unallowable Project Expenditure Accounts	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_PROJ_EXPENDITURE_ACCTS	This query identifies all project expenditure transactions associated to the preconfigured allowable or unallowable Accounts. This query is used to review project expenditures during the final voucher process to close out a Federal project.

Queries (continued)

Report Name	Navigation	Report Description
Contract with No Billing	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_CA_NO_BI	This report identifies any contracts for which no billings have been processed. This report is to review customer contract statuses.
Contract on Billing Hold	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_CA_BI_HOLD	This query identifies active contracts that have been put on billing hold, that have suspended billing, or deferred lines on a billing worksheet. This query is used to monitor processing of billing holds, suspended billings or deferred billing worksheet lines related to active Customer Contracts in order to ensure these items are resolved and billing continues in a timely manner.
Bill History by Contract	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_BILL_HIST_CONTRACT	The query is used to review and monitor billing history for a contract. To run the report, the user will enter a Business Unit, and Contract Number
Validate Federal Bill Lines	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_FED_BILL_VALIDATE	The query is used to validate amounts billed for a specific contract on a Federal bill.
Contract Project Activities Combo	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_CONTRACT_PROJ_ACT _COMBO	This query gives the ability to upload the associated Project and Activity Combination for a Contract to Excel and ensure all Project and Activities are added to a contract.

Queries (continued)

Report Name	Navigation	Report Description
Project Expenditures & Transfers	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_PROJ_EXP_AND_TRANSFERS	This query displays project expenditures and transfers for a given activity type within specified accounting dates.
Project Payroll Expenditures	Main Menu > Reporting Tools > Query > Query Viewer > V_PA_PROJ_PAYROLL_EXPENDITURES	This query displays project payroll expenditures for an activity type between transaction dates.

Online Inquiries

Customer contracts online inquiries can be run at various intervals. There are numerous customer contracts online inquiries available. Key customer contracts online inquiries include:

Page Name	Navigation	Page Description
Review Contract Summary	Main Menu > Customer Contracts > Review Contract Summary	This inquiry is used to review a contract summary
Review Contract Information – Amendments	Main Menu > Customer Contracts > Review Contract Information > Amendments	This inquiry is used to review details of a contract amendment.
Review Contract Information – Notes	Main Menu > Customer Contracts > Review Contract Information > Notes	This inquiry is used to review general contract internal notes.
Review Contract Information - Projects/Activities	Main Menu > Customer Contracts > Review Contract Information > Projects/Activities	This inquiry is used to review projects and activities related to a contract. The inquiry page has four sections: (1) Contract Information, (2) Project Information, (3) Linked Activities, and (4) Non-Linked Activities.
Review Billing - Plans/History	Main Menu > Customer Contracts > Review Billing > Plans	This inquiry is used to review billing information, events, and history for processing or reversal.

Online Inquiries (continued)

Page Name	Navigation	Page Description
Review Billing Events:	Main Menu > Customer Contracts > Review Revenue > Events	This inquiry is used to review event-based revenue plans, update event statuses, and initiate reversals.
Review Billing - As Incurred	Main Menu > Customer Contracts > Review Revenue > As Incurred	This inquiry is used to review revenue plans with the as-incurred recognition method.
Review Revenue – Plans	Main Menu > Customer Contracts > Review Revenue > Plans	This inquiry is used to review revenue information, events, and history for processing or reversal.
Review Revenue – History	Main Menu > Customer Contracts > Review Revenue > History	This inquiry is used to review a history of revenue recognized and adjusted by revenue plan.
Review Revenue – Events	Main Menu > Customer Contracts > Review Revenue > Events	This inquiry is used to review event-based revenue plans, update event statuses, and initiate reversals.
Review Revenue - As Incurred	Main Menu > Customer Contracts > Review Revenue > As Incurred	This inquiry is used to review revenue plans with the as-incurred recognition method.
Review Revenue - Fixed Amount Acctg Lines	Main Menu > Customer Contracts > Review Revenue > Fixed Amount Accounting Lines	This inquiry is used to review fixed-fee contract line journal entry details.

Online Inquiries (continued)

Page Name	Navigation	Page Description
Review Revenue - As Incurred Journal Acctg Lines	Main Menu > Customer Contracts > Review Revenue > As Incurred Acctg Lines	This inquiry is used to review rate-based contract line journal entry details.
Review Revenue - History:	Main Menu > Customer Contracts > Review Revenue > History	This inquiry is used to review a history of revenue recognized and adjusted by revenue plan.
Review and Manage Limits	Main Menu > Customer Contracts > My Contracts	This inquiry is used to review limits defined for rate-based contract lines and release transactions that are over the limit specified for a non-government contract line.
My Contracts	Main Menu > Customer Contracts > My Contracts	This inquiry is used to define and update a personalized list of contracts.

Hands-On Exercise

Your instructor will provide detailed instructions on how to log in and complete the exercise.

Lesson Summary

8	Customer Contracts - Reports, Queries, and Online Inquiries

In this lesson, you learned about:

- Reports

- Queries

- Online inquiries

Course Summary

501 PA354	Non-Federal Customer Contracts

In this course, you learned:

- Understand the customer contract process and key configurations

- Review project accounting and integrations across modules

- Create and maintain Non-Federal rate-based contracts

- Create and maintain Non-Federal amount-based contracts

- Create and maintain Non-Federal recurring contracts

- Create a rate-based and amount-based prepaid

- Create and process amendments

- Key customer contract reports, queries, and online inquiries

Course Evaluation

Congratulations! You successfully completed the **501 PA354_Non-Federal Customer Contracts** course.

Your instructor will provide instructions on how to access the evaluation survey for this course.

Appendix

- Key Terms

- Interface with FHWA and SiteManager

- Flowchart Key

Key Terms

Accounting Rules: Contracts accounting rules are used to generate billing and revenue accounting entries for rate-based transactions that originate in Project Costing or fee-based transactions that originate in Contracts.

Activity: A specific category of costs incurred on a project and is required on all project transactions.

Amendment: A tool that maintains an audit trail, as well as a historical record, of any changes made to the contract throughout its lifecycle. Contracts requires that changes made to the products, terms, or conditions of an active contract be processed through an amendment. When you create an amendment, Contracts creates a copy of the current contract details and preserves this as a historical record.

Amount-Based Contract: Contracts that bill a defined amount against a single project / activity combination. The accounting distribution information for an amount-based contract line defaults from distribution sets and distribution codes on the **Accounting Distribution** page.

Billing Plan: A tool that stores the timing of when billing occurs, how bill lines appear, and which notes relate to the bill. A Billing Plans are required for every contract line to process billing for those contract lines.

Contract Line: Represent the goods or services that are contracted with the government for delivery. A line on the contract details the products and associated billing parameters that are used to calculate the amount to bill the customer.

Contract Line Billing Limit: A tool which allows you to set the maximum amount a customer can be billed for a specific contract line.

Key Terms (continued)

Contract Status: A visual indicator of where your contract is within the contract life cycle. It is a user-defined value that is associated with a processing status that controls the contract's eligibility for processing. When you define a new contract, the default contract status appears. You can select a different contract status.

Customer: An entity responsible for providing funding or reimbursement of costs for one or more projects to the Agency. In Cardinal, there are four general customer types available for product or service distribution and funds applications: Government (Federal, City, County, or Town), Business, Individual, or State Agency.

Customer Contract: An agreement between a department or agency and a customer. Automated billing is based on this agreement. The **Customer Contract ID** (Number) is an auto-generated, sequential number for all non-federal contracts. For federal customer contracts, the **Customer Contract ID** (Number) is the Federal Project Number and can only be used once.
Customer Contract Number: Is an auto-generated sequential number for all Non-Federal contracts. For Federal contracts, the contract number is the Federal project number.

Customer Contract Number: Is an auto-generated sequential number for all non-federal contracts. For Federal contracts, the contract number is the Federal project number.

Distribution Sets/Distribution Codes: A tool used to identify the distribution accounting that the system associates with recurring and amount-based contract lines. You can define any number of combination criteria and hierarchy for the distribution rules. These rules identify the accounting distribution sets and determine in what order to apply them.

Key Terms (continued)

Prepaid: Prepaid is a term used to identify payments received in advance from customers. The prepaid amount received from a customer is recognized as revenue over the course of the contract. The timing of the revenue recognition, as defined in the contract, will determine the type of prepaid you will create. There are two types of non-federal prepaids and they are handled differently in Cardinal: **Rate-Based Prepaid** and **Recurring Schedule Prepaid.**

Product: A classification that defines and categorizes the item / service that is to be billed. The product definition is used to default many of the contract line billing attributes.

Project: A structure used to track costs, generally over an extended period of time. It generally has a finite beginning and end. Project ID is the ChartField which captures information for project/grants accounting.

Project Costing Business Unit (PC BU): The **Business Unit**, i.e., agency. It is used to identify select project defaults (e.g., statewide is **99999**, **VDOT** is **50100**). It represents a grouping of projects for a given agency or entity for reporting and analysis purposes. **PC BU IDs** contain a combination of five letters or numbers and is required on all project transactions.

Project Costing ChartFields: ChartFields store the chart of accounts and provide the basic structure to segregate and categorize transactional and budget data. PC ChartFields record chart of accounts elements related to projects, and include Project Costing Business Unit (PC BU), Project, Activity, Source Type, Category, and Subcategory. The PC BU, Project ID and Activity values are required on all project transactions.

Key Terms (continued)

Project ID: An automatically generated sequential number that is used to uniquely identify the project. This number, i.e. ChartField, is required on all project transactions as it provides a means to track financial information and report on a specific project.

Rate-Based Contract: Contracts that bill based on incurred expenditures, i.e. transaction-based, and are set up with one or more project/activity combinations linked to them.

Rate Set: Tool used to define the pricing rules, i.e., participation rate, for cost transactions coming in from other modules, that is applied to expenditures when the billable amount is calculated.

Recurring Contract: Contracts that generate recurrent bills that are based on a set amount.

Revenue Plan: A tool that contains a list of events defining when revenue is recognized for each contract line assigned to that revenue plan. You associate a product or service defined on a contract line with a revenue recognition method, manage when the conditions for recognizing the revenue have been met, and generate journal entries to enter the revenue into the general ledger system. Revenue plans are required for rate-based contract lines.

Key Terms (continued)

Source Type/Category: Optional fields that identify the purpose, or source, of transactions. Source Types are used as additional identifiers on billing transactions and are key in determining the accounting entries. Categories further define source types. Categories are combined in source groups for reporting and analysis.

Subcategory: A field that may be assigned to a transaction to identify its purpose. The Subcategory ChartField is not currently used in Cardinal but reserved for future use.

Transaction Limit: A tool which allows you to set the maximum amount that a Federal customer can be billed for a specific transaction identifier. Transaction limits are used for Federal Highway Administration contracts. A transaction identifier is an Appropriation Code.

Use Sequence: Field that identifies the order in which each **Transaction Identifier** is used for billing.

Interface with FHWA and SiteManager

The Customer Contracts module also interfaces with an external system. The term Interface refers to data that is transmitted either from Cardinal to an external system or data that is transmitted to Cardinal from an external system.

FHWA: Both the Accounts Receivable and the Project Accounting modules are involved in sending Project Billing Data to FHWA daily basis. The Billing module uses data sent from the Customer Contracts and Project Costing modules when sending bills to FHWA. FHWA's Rapid Approval State Payment System (RASPS) sends a response file once RASPS processes the FHWA extract.
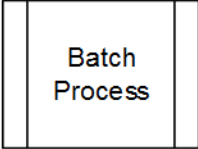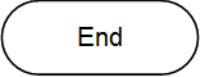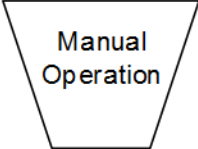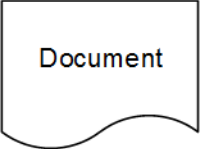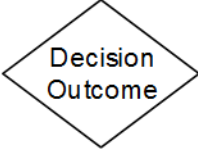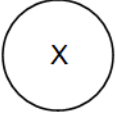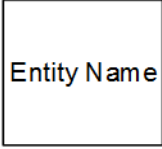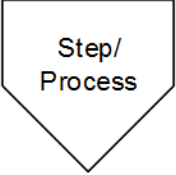
SiteManager: Valid ChartField combinations are interfaced to SiteManager. Cardinal sends the following to SiteManager via an interface:
- Valid Project/Activity combinations
- Valid Project/Structure combinations
- Valid GL Accounts

FHWA   Project Accounting   SiteManager

Flowchart Key

Symbol	Description
Step Description	Depicts a process step or interface.
Batch Process	Specifies a batch process.
Manual Operation	Depicts a process step that is preformed manually.
Decision Outcome	Defines the possible outcomes of a decision or analysis that took place in a step immediately preceding.
Entity Name	Represents an entity (person, organization, etc.).
Start	Indicates point at which the process begins. Does not represent any activity.
End	Indicates point at which the process ends. Does not represent any activity.
Document	Depicts a document of any kind, either electronic or hard copy.
X	Indicates an on-page or intra process connector. Used to avoid complex overlapping connector lines or to continue a process on a subsequent page.
Step/ Process	Connects steps between business processes.