Accounts Receivable
Progress Billings and T&M Billings

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Credits/Revision History
- Original Author: Kathy Gotzenberg
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  - Original Document
PROGRESS BILLING

- Provides a systematic tool for creating progressive billings for a project
- Each application is a separate record that builds on previous application records
- Options available to automatically update change orders, costs, or manually enter % of completion
- System report formats similar to AIA G702 & G703 billing format; Report & Form Designs available to print on pre-purchased AIA forms

Job Setup

- Accounts Receivable Menu 3-5 – Sales Tax District (if applicable), Posting information & Retainage Rate should be completed
Progress Billing Setup

- Complete Header information
- Can create separate applications to bill by job phase, or combine job phases into a single application
- Billing Basis will determine updating options
- Progress Billing Setup information must be completed – Info from Job File defaults over EXCEPT Department
About Retention

- **Primary Rate** – Program inserts the primary retention rate in Retention Rate column for all line items on the Progress Billing; any line item retention percentage can be manually changed.
- **Maximum Amount** – When the total retention withheld from line items equals or exceeds the maximum, the program stops withholding retention on the printed progress bills and the posted Accounts Receivable invoices; however, the program continues to calculate the total retention within the Progress Billing window.
- **Secondary Rate** – When the total retention withheld exceeds the amount in the Maximum Amount field, the program applies the Secondary Rate; however, the program does not replace the original rates in the Progress Billing window.
- **Material Rate** – Used for withholding retention on Stored Material amounts entered in the Progress Billing window.

Grid Information

- **Options available**:
  - Import Proposal or Import Budget (based on Cost Codes or Bid Items), Load a Template, or manually enter information.
  - Benefit of using Cost Codes – Costs can be updated from actual job cost records.
  - Additional Description and Vendor information can be entered.
  - **Caution!** Once grid is populated, can’t edit! Consider drafting on spreadsheet first. Only Scheduled $ value can be edited (with Supervisor/System Admin activation).
Update Options

- Update Change Orders – Only updates Approved Change Orders
  - Add to Existing Lines – Looks at Change Order cost coding (provides warning if no cost code match)
  - Append as New Lines – Creates separate line item for each Change Order at end of billing
  - Caution - You can’t do both!
  - You can manually enter Change Orders
• Update Costs
  o Percent from Costs - Updates the Current Completed column from posted job costs; computes the percent of work completed by comparing budgeted costs to total job costs
  o Total Completed From Cost Amounts – Updates the Current Completed column from posted job costs; use this when a project has no budget entered
  o Total Completed From Billing Totals – Updates the Current Completed column from the posted job costs; used in conjunction with T&M Billing

  ![Diagram of 3-7 Progress Billing interface showing Update options]

• Manually update % Completed column
  o If not using Update functions

• Stored Materials
  o Manually enter value of stored material in Current Stored column
  o As the materials are used, manually enter a negative amount in the Current Stored column and enter the costs as an equal positive amount in the Current Complete column
Calculate Grid Options

- Based on columns you’ve worked with in the Progress Billing screen
  - Calculate the Current Column – Uses the % Complete column to calculate the amount in the Current Completed column
    - Current = (Contract x Percent) – Previous – Stored
  - Calculate the Percent Column – Uses the amounts in the Current column to calculate the % Complete column
    - Percent = (Previous + Current + Stored) / Contract

- Important! Once a calculation method is chosen, use it for each billing until completion of job; changing methods can cause inconsistent billing amounts.
Submit Application

- Automatically inserts date in Submitted date field in header
- Progress billing can continue to be modified to accommodate revisions by clients (program will warn but allows save)
- Submitted date field can be manually updated
- Status moves to 2 - Submitted
Post Application

- Once the application has been Submitted, it can then be Posted
- Make sure the Posting Period is correct
- Creates a simple compiled invoice record at Receivable Invoices Menu 3-2
- Creates a ledger transaction at Journal Transactions Menu 1-3
- Status moves to 3 - Posted
- Modifications to the Progress Billing can no longer be made
- The program computes and posts sales tax (if applicable) only when an invoice is created from the Progress Billing; you can also include sales tax as a line item in the Progress Billing
Create Next Application

- When ready to work the next application, recall the posted application and Create Next Application
- A new record will be created from the current record, and the Status on current record will become 4 – Closed
A new application record is created; Application # and Billing Date are incremented
Current Complete from previous billing(s) have been added to Prev. Complete column on new application
Billing process starts all over again!

Void a Progress Billing
- You can change and save an application with a Status of 1-Open as often as needed (Status of 2-Submitted can also be changed)
- An application with a Status of 3 – Posted can be voided; doing so will reverse the Accounts Receivable invoice record
- An application with a Status of 4-Closed can be voided; doing so will change the Status to 2-Submitted and all subsequent application records for this job/phase are automatically voided (Status 5-Void)
- Can’t void a progress billing application that has payments against it
Release Retention

- To release retention on specific line items on Progress Billing:
  - Delete rate in the Retention column and calculate the application
- To release retention on all line items on Progress Billing:
  - Select the last application record created that has a status of 3-Posted
  - Click Next to create new application record
  - Recall the new record and select Update/Release Retention

- Also Recalculate Retention in Accounts Receivable Menu 3-5 so that all previous invoice records can be updated
TIME & MATERIALS BILLING

- T&M vs. Cost Plus
  - T&M – Utilizing Wage Rate or Equipment Rate Tables, plus markups & overhead/profit
  - Cost Plus - True Cost of labor, materials, etc. – no Wage Rate or Equipment Rate Tables, plus markups & overhead/profit
- “After the Fact” Billing
  - Uses job cost records as the basis for billing amounts
  - Billing amounts can be overridden or excluded
- Job Setup
  - Accounts Receivable 3-5 and posting information should be completed – MUST complete Sales Tax District if applicable
• Time & Materials Billing Setup 3-10-1
  o Must be completed for each T&M Job
  o A combination of markups on various cost types can be assigned
  o Wage Rate and Equipment Rate Tables can be assigned
  o Posting accounts can be added during setup
  o Create Templates for common T&M setups

• Markup

<table>
<thead>
<tr>
<th></th>
<th>Hidden Markup</th>
<th>Shown Markup</th>
<th>Overhead</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material</td>
<td>5.00</td>
<td>15.00</td>
<td>15.00</td>
<td></td>
</tr>
<tr>
<td>Labor</td>
<td></td>
<td></td>
<td>20.00</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>15.00</td>
<td></td>
<td>15.00</td>
<td></td>
</tr>
<tr>
<td>Subcontract</td>
<td>10.00</td>
<td>15.00</td>
<td>15.00</td>
<td></td>
</tr>
<tr>
<td>Other</td>
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<td>15.00</td>
<td>15.00</td>
<td></td>
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<td>User Def Type 6</td>
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<td>User Def Type 8</td>
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</tr>
<tr>
<td>User Def Type 9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

  o Hidden Markup – Adds hidden markup % to job costs when invoice is calculated; costs on invoice include hidden markup
  o Shown Markup – Adds the shown markup % to job costs when invoice is calculated; shown markup appears as a separate total on invoice
  o Overhead Markup – Totals entire invoice plus any shown markup and adds the overhead % markup; overhead markup appears as a separate total on invoice
  o Profit Markup - Totals entire invoice plus any shown and overhead markup and adds the profit % markup; profit markup appears as a separate total on invoice
  o Sales Tax – If a Sales Tax District has been entered in the Job file, calculates the tax on the total invoice after all markups; sales tax appears as a separate total on invoice
- Wage Rates Table - Menu 3-10-5
  - Must set up at least 1 Wage Rates record (“template”)
  - Determines billing amounts for the invoice based on labor rates entered in Wage Rate Table instead of the actual labor costs
  - Minimum billable hours can be established
  - Flexibility in billing amounts

1. Based on employees performing specific cost codes
2. Based on employees not performing specific cost codes
3. Based on cost codes not performed by specific employees
4. Based on no specific employee OR cost code
• Equipment Rates Table - Menu 3-10-6
  o Must set up at least 1 Equipment Rates record (“template”)
  o Determines billing amounts for the invoice based on equipment rates entered in Equipment Rate Table instead of the actual equipment costs
  o Minimum billable hours can be established
  o Do NOT include labor in billing amounts
  o Hidden markup does not apply when using Equipment Rates table
  o Flexibility in billing amounts

1. Based on Equipment Type
2. Based on specific Equipment
3. Based on no specific Equipment

• T&M Billing Setup for Job 215
• Compute T&M Invoice – Menu 3-10-2
  ○ Based on T&M Billing Setup for all job-costed payables, final computed payroll, ledger entries, etc. with T&M Billing Status 1-Open

○ Complete additional parameters for computing invoice if needed
○ No accounting transaction created during T&M computing
- Print T&M Invoice – Menu 3-10-3
  - Select report consistent with billing setup for the job – by Cost Code or Cost Type
• Review Billed Costs/Edit if Necessary
  o Access Job Cost Records at Menu 6-3
  o Job cost records display the computed Billing Quantity (Payroll & Equipment records) & Billing Amount

![Image of Job Cost Record window]

  o Increase or reduce Billing Quantity or Amount if desired
    • Enter new Billing Quantity
    • To enter new Billing Amount: Select “Override Billing Amount” to open Billing Amount Field
    • To include the billing amount on invoice and ignore any other markups: Keep “Override Billing Amount” activated
    • Change the taxability of a job cost record: Subject to Sales Tax box
‐ Override Billing Status if desired

  o Include a job cost on the invoice, but don’t bill for the work: Billing Status = Open, Override Billing Amount and change to $0
  o Exclude a job cost from an invoice and not bill for the work: Billing Status = Not Billable
  o Create costs for work that does not cost anything to produce: Create new Job Cost record at Menu 6-3 and complete Billing Amount field

    o Compute, print, edit and re-compute invoice until satisfied with billing
    o Remember! Print final copy of invoice for your records before Posting.
• About Billing Markups on Invoice

- The percentages on the report are based on the totals of all cost types on the invoice.
- Since each cost type can have a different rate or no rate at all, the total percentage displayed on the invoice may be different than what is entered into the setup. Example, if $1,000 of the job costs had a 10% Overhead for Material ($100) and $2,000 of the job costs had zero markup for Subcontract, that would be a grand total of $100 Overhead and $3,000 in cost. The percentage displayed on the invoice would be 100 / 3000 = 3.33%.
- Sales Tax is based on Tax District setup; does NOT include sales tax on Overhead markup!
• Post T&M Invoices Menu 3-10-4
  o Make sure your posting to desired Posting Period
  o Creates a simple compiled invoice record at Receivable Invoices Menu 3-2
  o Creates a ledger transaction at Journal Transactions Menu 1-3
  o Marks all job cost records associated with the billing to a status of 3-Billed
- Void a T&M Invoice
  - Void from Receivable Invoices/Credits Menu 3-2
  - Option to reset “Billing Status” on job cost records back to Open

- T&M Reports
  - T&M Journal Menu 3-10-7 – Similar to a Job Cost Journal Menu 6-1-2; Cost Amount column is actually the Billed Amount...NOT including markups!

![T&M Journal](image)