

Business Process Benefits:

The Project Billing Business Process is intended to demonstrate the following benefits in Core-CT:

- An increased level of data integrity between systems due to the integration within Financials modules.
- Allow billing for costs incurred on a project according to defined billing rules, including limits and billing cycles.
- Allow for adjustments or updates to be passed from the Billing Module to the Project Costing Module.
- Allow for review, tracking and reporting on Project transactional data for State and Federal Compliance.

Process Narrative:

Project Costing works with Customer Contracts to generate project-related customer billing, also known as rate-based project billing. For rate-based billing, Customer Contracts retrieves information from project transactions using rate sets to determine which transactions will populate the Billing interface tables with the billing information.

When you bill rate-based contract lines, the flow of data is controlled by Customer Contracts, and the data source is Project Costing. Project Costing tracks work performed, accumulates costs against a project and stores the information in the Project Transaction table (PROJ_RESOURCE). Rate-based project billing is activated by applying the rate sets that are identified in Customer Contracts against the pending unbilled rows in the Project Transaction table.

Project Billing in Core-CT requires the following:

- Configuration (Specific to New Agency Implementation)
- A Project
- A Customer Contract
- Project Budget (optional)
- Project Expenditures
- Batch Processes
- Billing, Invoice Generation
- Accounts Receivable

Configuration

Agencies work with the Core-CT Project Costing and Customer Contracts staff to discuss current business processes and assess their needs. The Core teams assist the agencies in determining how to apply the best practice, and implement the configuration set up.

Sample configuration items are:

Project Costing

- Activity - a specific task associated to a Project where transactional data gets recorded and monitored, (i.e. contractual expenses, incidental costs).
- Project Type - Defines a project with similar attributes (i.e. construction projects, capital projects).
- Status - Defines and identifies the progression of the project and controls what types of transactions are allowed (i.e. Open, Closed).
- Analysis Type - Identifies the type of transaction (i.e. PAY=Payroll Costs, ACT = Vouchers).
- Analysis Group - A grouping of analysis types (i.e. CTEXP may include the analysis types of ACT, FRG, GLE, PAY).

Customer Contracts

- Rate Set - Rate Sets represent and define how transactions are priced for costing, billing, and revenue recognition. They allow cost transactions to be priced into new transactions that aid in costing, billing or reporting.
- Rate plan - A collection of rate sets that the system executes in a specified order.
- Accounting Rules - Captures State accounting rules, and defines how costs and revenue are shared and recognized.

- Contract Classification - Category of a contract, either standard or government. This functionality applies limits and can hold information such as funded and awarded amounts.
- Product - A standard set of products with attributes that include pricing structure, bill plans, and revenue plans.

Billing

- Bill Plan - A bill plan stores a schedule of billing events, it defines when to bill and what lines need to be billed.
- Bill Type - Categorizes billing by customer type (federal or state) and service and/or goods received.
- Bill By Identifier - Defines how to group billing activity, (i.e., by project, by contract).

Projects

In **Project Costing**, a project serves as an identifier for cost collection and allows monitoring of progress and status of a product or service. Before an Agency can bill transactions using Project Costing, the Project Manager will create a Project, using an agency defined Project ID. Most projects can be created from a template that defines the agency business activities; the use of templates minimizes data entry. Once the project is established and in active status the project is ready to accumulate costs and facilitate billing.

Customer Contracts

In **Customer Contracts**, a contract represents an agreement between a state agency and the customer that they are billing. The customer (funding source) may be another State agency, a Federal agency, or a third party. This module serves as an integration point between Project Costing and Billing, this integration allows labor and/or other costs incurred on a project to be billed through an automated process.

Create a Customer Contract

The Agency Contract Specialist will create a Customer Contract, defining a contract number, customer name and contract classification. Then using the Lines page, the Agency Contract Specialist will select a product for a contract line. Predefined billing plans and revenue plans are attached to each product to minimize data entry for the user.

Set Limit on Contract Line (optional)

The Agency Contract Specialist can enter, for each line on a contract a single billing limit amount, funded and awarded amounts and/or transactional limit amounts. Once the limit is reached, the only way to bill against this contract line is to amend the limit.

Associate a Project/Activity to a Contract Line

The Agency Contract Specialist will then link the project's activities to the contract line on the Related Projects Page. Users can select either a specific activity or multiple activities from a project to associate with the contract.

Attach Rate Set/Rate Plan in a Customer Contract

Once defined, the Rate Set/Rate Plan can be attached to the rate-based contract using the Related Projects page. The system will create billable lines based on the criteria defined in the Rate Set when the pricing engine is run.

Rate sets have two parts:

- The source criteria that the Pricing process uses to allow cost transactions coming in from feeder systems (i.e. ACT – Voucher, PAY – Payroll).
- The target definition of the cost or billing row that the Pricing process creates (i.e. BIL – Billable).

Project Budgets (optional)

Budget journals load budget details into Commitment Control and will continue to be entered as they are today using the Online Budget Journal or the Spreadsheet Budget Journal. Budget journals for Project Costing are posted using the KK_PC3 ledger group. Commitment Control creates entries for the Parent budgets KK_PC1 and KK_PC2 from the KK_PC3 entry. Each level can have its own control option, for example; Track, Track w/Budget, or Control. The KK_PC3 journal identifies the PC Business Unit, Project and Activity Chartfields which will integrate back into the Project Costing module with the analysis type of BD1.

Project Expenditures

The State will accumulate costs in the Core-CT source modules (AP, GL, & Payroll) and utilize delivered integration features to transmit the appropriate level of information into the Project Costing and General Ledger modules.

The following modules capture costs:

- Accounts Payable – Vendor payments include vouchers which feed an ACT row to PROJ_RESOURCE.
- Time & Labor / Payroll – Payroll Combo codes with Project values, selected on a user's timesheet or through additional pay, feed PAY rows to PROJ_RESOURCE.
- General Ledger – Journal entries to correct expenditures not made in the originating module and entries made directly in the General Ledger to capture inventory costs, feed GLE, GLR and/or agency defined rows to PROJ_RESOURCE.

Each of these source modules provides a ChartField string at the lowest level of detail.

Batch Processes

Nightly the State will run processes that will distribute/copy the transactional information from Core-CT source modules (AP, GL, and Payroll) and utilize the delivered integration features to transmit information into the PROJ_RESOURCE record.

Within the nightly batch a **Pricing Engine** runs. This process looks at the Rate Set/Rate Plan and the project/activity attached to the contract line. The pricing engine creates the BIL rows which are sent to the Customer Contracts and evaluated against the limit on the contract line associated to that project/activity combination. If the BIL rows are below the contract limit then those rows will be sent to the Billing module through the batch (CA_BI_INTFC) process. Once the bill is finalized (invoiced) those BIL rows are replaced with BLD rows and are fed back to the PROJ_RESOURCE record. If however, the ACT or PAY rows are over the limit, an OLT row is created in the PROJ_RESOURCE record. The process of creating OLT lines allows Project Managers to identify what lines were not billed because the limit on the contract has been reached. The Contract Specialist can either amend the Customer Contract to change the limit or move the project and activity to another contract that has available funding. Once the contract limit is amended, OLT rows will re-price through an automated batch process and become BIL rows.

Billing, Invoice Generation

Once bills have been created in the Billing module from the Customer Contracts/Project Costing modules, the newly created bills will run through the billing invoice generation batch job schedule. Each agency can determine if they want the bills to come into billing in a new or a ready status. If the bills are in new status, the Billing Specialist will need to go into the billing module and set the newly created invoice to a status of ready and then run the finalize and print process.

Accounts Receivable

The billing invoice process will automatically create open receivables in Accounts Receivable by a scheduled batch AR posting process. The integration of Accounts Receivables to Project Costing provides Project Costing with accounts receivable information when payment is received (REV rows).

Important Concepts to Understand for Project Costing:

- The Agency Project Manager or Agency Contract Specialist will link Project ID's to Customer Contracts to allow for project billing.
- The Agency Billing Specialist will be involved in the billing process for projects.
- A determination will need to be made in regard to who will be involved in creating rate sets and accounting rules.
- Only authorized users should have access to the Project Costing, Customer Contracts and Billing pages to insure that correct invoices are issued.
- The Agency Contract Specialist will not have the ability to create new projects and activities from the Customer Contracts module.

- Agencies will not, unless given clear instructions and authorization from Core-CT staff, utilize the over the limit (OLT) override functionality.
- DOT will need the ability to change the funding source, source type field.
- Training material regarding the integration between the Project Costing, Customer Contracts, and Billing have been developed and can be found at the State of Connecticut CORE-CT website (<http://www.core-ct.state.ct.us>).
- Open contracts will be manually converted with the negotiated amount equal to the original contracted amount. The line limit amount will equal the remaining amount that can still be billed. A summary 'BLD' resource row will be uploaded into the Project Costing module, utilizing the Spreadsheet Upload Tool, to reflect the amount that has already been billed. Agencies will be required to manually upload this amount for every project/activity associated with a Customer Contract.

Configuration Impacts for Agencies Considering Using Project Costing:

- Accounting Rules will need to be configured.
- Rate Sets will need to be configured.
- New Bill Types may need to be configured.

Major Output Documents:

Descriptions and job aids for all CORE CT Project Costing Custom Reports can be accessed at:

<http://www.core-ct.state.ct.us/reports/finentries.asp?minorCat=Project+Costing>