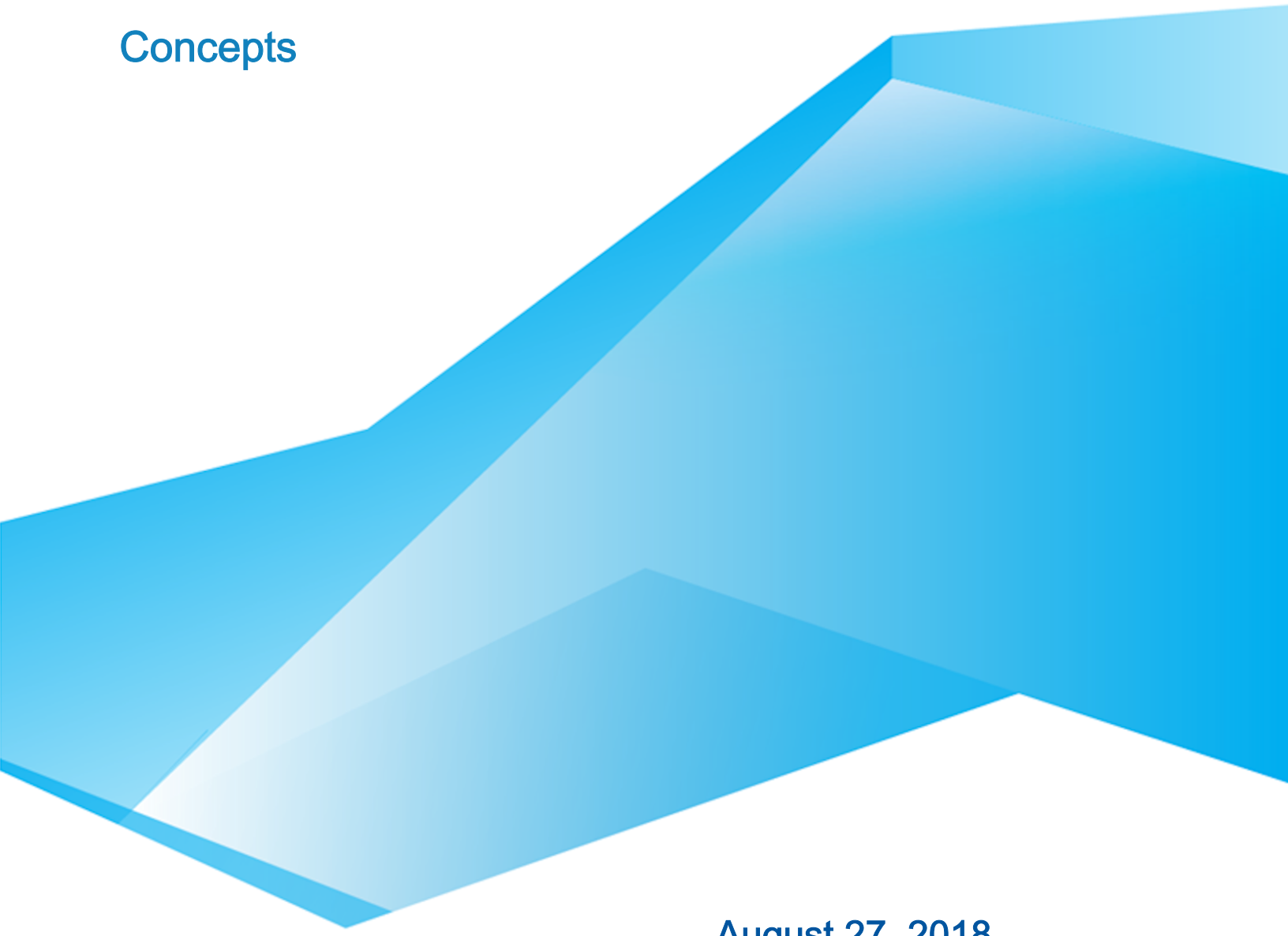
Deltek

# Deltek for Professional Services® 1.1

## Concepts



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# Contents

# Concepts

Before you implement and use DPS, it is important to understand the fundamental principles of the application. The Concepts documentation gives you a basic understanding of the principles behind the transactions, processes, and activities that are vital to the work that you perform.

See other sections of the DPS help for step-by-step procedures and for descriptions of options and fields.

## What is Deltek DPS?

Deltek DPS is a single, cloud-based solution that puts projects and people at the center of your business so that you can improve productivity, efficiency, and profitability.

With consolidated data and one source of information, save time by reducing duplicate data entry and manual processes throughout the entire project lifecycle: from opportunities to project plans to projects. DPS integrates your CRM, resource management, project management, financial management, and HR systems for accurate, timely access to critical information so that you can make better, more informed decisions.

### Benefits

- The single solution lets you manage all aspects of your business in one place, including people, projects, clients, documents, and financials.
- DPS puts your projects at the center of your business, giving you a seamless connection between opportunities and projects.
- The DPS people focus helps teams collaborate, deliver successful projects, and grow their careers.
- The easy to use interface gives people what they need to complete their projects anywhere the job takes them.

### Who Uses DPS?

#### Management and IT Consulting Firms

- Business Development Associate
- Client Executive
- Resource Manager
- Engagement/Project Manager
- Human Resources Manager
- Controller
- Consultant
- Executive

#### Architecture and Engineering Firms

- Business Development
- Project Manager

- Operations Manager
- Human Resources Manager
- Controller
- Designer
- Executive

## Setting Up DPS for You and Your Enterprise

Much of DPS's power comes from its flexibility. You can customize DPS in many ways and at many levels: for your whole enterprise, for individual employees, and at several levels in-between.

This tailoring process begins when you first implement DPS and continues as your business evolves and your needs change.

### Activation and Setup

The Activation and Setup process is the first step in implementing DPS. Your administrator launches a series of pages that walk the administrator through fundamental setup decisions and data collection. By following the pages in sequence, the administrator performs steps in the correct order, without missing any stages of the process.

Activation and Setup is a one-time process that sets up the framework for using DPS. For some enterprises, this process will be all that they need to get started.

- **Activation**: Use these pages to make broad decisions about how your database will be configured, including which DPS modules you will use, whether you will track multiple currencies, and whether you will track multiple companies or other profit centers.
- **Setup**: Use these pages to make more specific decisions about individual DPS applications and enter or import data about your projects, employees, contacts, and other entities.

### Settings

When the Activation and Setup process is complete, your administrator can make additional decisions in the Settings area. After you are up and running with DPS, the Settings area is where you will go on an on-going basis to implement new features and change how things work.

Many of the decisions that you made in Activation and Setup are reflected in the Settings area and can be changed there.

The Settings area includes several "designer" tools that you can use to customize the user interface:

- **Screen Designer**: An administrator uses this powerful tool to modify screens so that the user interface better suits your business. Use it to add new hubs to collect and track data; add new tabs, fields, and grids; and rearrange screen elements.
- **Dashboard Designer**: The dashboard is a user's portal into DPS, bringing together the data, reports, and links that an individual relies on most. Each user can select the elements that display on the dashboard and how they are arranged.

- **Navigation Menu Designer**: The navigation menu is the main menu, which lists all of the DPS applications that your enterprise uses. An administrator can add new menu items, rearrange existing menu items, or delete menu items.

### My Preferences

Individuals can use the My Preferences options to personalize their user experience. Use these options to change your password, set data and decimal formats, enable and disable reminders, select the application that opens when you first log in, and more.

## Dashboard

The dashboard is your portal into the DPS data, reports, applications, and links that you use most. Use the dashboard to combine information from different areas of DPS and display it all on a single Web page.

### Dashparts

Dashboard content is made up of individual building bocks called dashparts. Each dashpart provides access to specific records, web links, reports, activities, and applications. You can add and subtract dashparts, customize the contents of individual dashparts, and rearrange and rename dashparts in the dashboard.

For example, you might choose to display dashparts that show your current opportunities and clients, your most frequently used reports, today's appointments and meetings, and links to weather and traffic Web sites.

- **System dashparts** are dashparts that are based on DPS applications, such as hubs or reports.
- **Web dashparts** are dashparts that are based on URLs, such as links to files or Web sites.

### Security

Your security role determines the types of dashparts that you can use and the data that you can access through the dashparts. You cannot see or do anything in a dashboard that you are not allowed to see or do elsewhere in DPS.

If you have the appropriate rights, you can design a dashboard layout and apply it to other users' dashboards so that, for example, everyone on the same team has the same dashboard.

### Frequently Used Dashparts

You can choose from a wide variety of dashparts. Here are some of the most frequently used dashparts:

| Dashpart Type | Description |
|---|---|
| **Hubs** | Link to the hubs that you use most frequently. You can also populate the dashparts with the hub records that you use most frequently.<br><br>For example, link to the Projects hub and view only those projects for which you are the project manager. |

| Dashpart Type | Description |
|---|---|
| **Favorite Reports** | View a list of your favorite reports. Preview any of these reports in a separate browser tab. |
| **My Activities** | View a grid of your day's events. The events may be meetings, reminders, deadlines, alerts, and so on. If an event is rescheduled, the information changes in the dashpart. You can also update your calendar from the dashpart. |
| **Links** | Have quick access to links to your frequently used Web sites, email addresses, and documents. |
| **Applications** | Have quick access to links to the DPS applications that you use most frequently. |

# Timesheets and Expense Reports

For many employees, their main interaction with DPS will be entering and submitting timesheets and expense reports via their computers, mobile phones, or tablets.

## Timesheets

Use the Timesheet application in My Stuff to enter timesheets and submit them for processing, or use the Touch Time application to achieve the same results on your mobile phone or tablet. You can also add timesheet entries directly into your calendar and submit them from there.

Whether you use your computer or a mobile device, you can:

- Enter or edit timesheet data for an open time period.
- Enter regular and overtime hours for each day in a time period.
- Enter hours and/or units for each project that you worked on in a time period.
- Add more timesheet rows to record hours or units for different projects.
- Select different labor codes and labor categories for a project/phase/task.
- Enter comments for your hours or units.
- Submit your timesheet for approval when the time period ends.
- Enter and submit an absence request for time off from work.

Post timesheets in the Transaction Center.

### Administrative Responsibilities

If you are authorized to do so, you can also approve, reassign, reopen, or reject other employees' timesheets from the Timesheets form or from the Approval Center.

If you are responsible for making sure that employee time entry is completed on time, you can do a floor check to review the status of time entry for your employees for a timesheet period or for a specific day. When you do a floor check, you can also send messages to employees' notification center, such as a reminder to complete their timesheets.

### Touch Time for Mobile Devices

Use Touch Time to perform timesheet tasks on a mobile phone or tablet. Everything that you do in Touch Time is automatically synchronized with the DPS database.

### Calendar

You can see timesheet entries in your calendar, alongside events and tasks. You can create, edit, copy, and move timesheet entries directly on the calendar and submit completed timesheets from there. Changes that you make on the calendar are reflected in the traditional timesheet grid view and vice versa.

### Resource Planning Data on Timesheets

If you use Resource Planning, you can have timesheets automatically populated with data from resource assignments in your project plans.

Each time that an employee opens a new or in-progress timesheet, a row is automatically added to the timesheet for each assignment for which the employee has planned hours in the timesheet period. The row is populated with the project, phase, task, and labor code from the resource assignment.

## Expense Reports

Use the Expense Report application in My Stuff to enter expense reports and submit them for processing, or use the Touch Expense application to achieve the same results on your mobile phone or tablet.

Whether you use your computer or a mobile device, you can:

- Enter an expense date, description, and monetary amount for each expense item.
- Define project, phase, task, and account values associated with each expense item.
- Determine firm-paid and billing options for each expense item.
- Select predefined expense categories for processing expense items, when applicable.

You can create and edit an expense report at any time, using as many rows as you need to record all of your expenses. When you have completed an expense report, submit it to a designated administrator for approval. The access rights (System, Company, Group, or Staff) that you are assigned in DPS security determine the Expense Report transactions that you can process. Your system administrator assigns these access rights.

Post expense reports in the Transaction Center.

If alerts are configured in DPS, approvers can receive notifications when expense reports are submitted for processing or when expense line item charges are entered or rejected.

### Administrative Responsibilities

Your enterprise can set up an approval workflow through which designated approvers can approve, reject, or reassign expense reports.

### Touch Expense for Mobile Devices

Use Touch Expense to perform expense-related tasks on a mobile phone or tablet. Everything that you do in Touch Expense is automatically synchronized with the DPS database.

# Hubs

DPS hubs are information centers that you use to manage all of your business-related data. Use the hubs to enter, view, and revise your data in one convenient place.

The hubs include records of data about projects, clients, employees, and more. Use the hubs to:

- Add, copy, modify, or delete records
- Associate records with one another
- Link external documents to records
- Schedule activities
- Export data to Microsoft® Excel®

### Hub Security

Your system administrator sets up security access rights to the various hub record types based on your role. The access rights defined for your role determine the hubs to which you have access, the tabs that display in each hub, and the functions that you can perform in each hub.

For example, if you are a project manager, your security role might have access only to the Projects hub. If you are a Marketing Manager, your security role might have access only to the Contacts, Firms, Opportunities, and Marketing Campaigns hubs. Your system administrator also determines which tabs are available to your security role.

### Hub Record Access and Update Functions

Your system administrator can control your role's ability to view, add, modify, and delete the record types to which you have access and restrict your access to individual records. For example, if you are a project manager, your system administrator can limit your access to only those project records for which you are the project manager.

Your system administrator can choose from the following access rights to hub records:

- **Read Only**: Users can view records but cannot add new records, modify information, or delete records.
- **Modify**: Users can view records and make modifications to information, but they cannot add new records or delete records.
- **Add/Modify**: Users can view records, modify information, and add new records, but they cannot delete records.
- **Full**: Users can view records, modify information, add new records, and delete records.

### Hub Audit Trail Reports

Audit Trail Reporting lets you keep track of changes made to your hub records. When users perform update, delete, and insert actions on your hub records, DPS keeps track of the changes they make. You can view these changes (by record type) on audit trail reports. Select the appropriate audit trail report from the Reporting application or print it from the hub.

- Audit reports display record names, actions performed, user names, and dates.
- Audit detail reports display actions performed, and old and new data values by column.

- When you mouse over a record name in the context area of any hub record, you see the date and time that the record was last modified, and the User ID of the employee who made the modification. You also see the date on which the record was created and the User ID of the employee who created the record.

### Hub Workflows

Your system administrator can configure DPS to alert you when events occur that affect information in your database. These events can also act as triggers for other actions: specific tasks that DPS performs in response to the initial event. These events, and the actions that they trigger, are part of the workflow feature.

You can, for example, set up workflows to notify sales and marketing staff when a lead becomes an opportunity, and then notify project managers when an opportunity becomes a project.

Your system administrator defines the parameters of a workflow process in **Settings** » **Workflow**. A workflow can be triggered when someone adds, changes, or deletes a record, or a specific portion of a record, in any of the hubs (except the Units hub).

Based on the parameters specified by your system administrator, the workflow triggers one or more of the following actions:

- Send an email alert to designated employees.
- Send a Notification alert to designated employees.
- Change the value in a data column.
- Create an activity.
- Invoke a web service.

## Customer Relationship Management

Customer Relationship Management (CRM) refers to the set of tools and techniques that you use to manage and monitor the various interactions that occur between your enterprise and your customers.

Successfully managing these interactions is crucial to maintaining a loyal base of existing clients and winning new business.

The DPS CRM and CRM Plus applications are project-based solutions that provide you with a set of tools, applications, and reports to help you manage all aspects of your client relationships. DPS CRM lets you gather information about your clients and then use this information to streamline procedures, activities, and client interactions. Because all of your CRM information is stored in DPS hubs, crucial data about your clients and contacts is accessible to all departments in your enterprise.

This means that all personnel who interact with your clients, from marketing and sales to project managers and billing staff, are working with the same information, which promotes consistency in all of your client relations.

The data-gathering capabilities and information-processing tools provided with DPS CRM let you automate lead tracking, opportunity and pipeline tracking, marketing campaign management, client and contact management, and activity management.

## DPS CRM and CRM Plus

Different enterprises have different CRM needs. DPS offers two options to accommodate CRM needs.

- DPS CRM makes it possible for you to gather information about your firms and then use this information to streamline procedures, activities, and firm interactions.
- DPS CRM Plus provides additional features that support marketing campaigns, activities, and lead qualification.

Both DPS CRM and CRM Plus ensure that all personnel who interact with your clients, from marketing and sales to project managers and billing staff, are working with the same information, which promotes consistency in all your client interactions.

## Client and Contact Management

With the Customer Relationship Management (CRM) application, you manage your client and contact records to help your enterprise build stronger client relationships and win more business.

Your clients include all of the companies for whom you currently work, as well as those that you have worked for in the past and will work for in the future.

Your contacts include all former, current, and potential points of contact that you have at clients, vendor companies, or other companies. Your contacts can include the names of CEOs, project managers, colleagues, or even friends who work for your clients or vendors.

You maintain client and contact data in the Firms and Contacts hubs, where you complete the following tasks:

- Enter client and contact name, address, and phone information.
- Schedule and manage activities with clients and contacts.
- Link clients and contacts to completed or ongoing projects and opportunities.
- Define and review relationships between your employees and your clients and contacts.
- Define and review client-to-client relationships and contact-to-contact relationships.
- Access files related to your clients and contacts.

After you enter client and contact data in the Firms and Contacts hubs, this data is available to all personnel in your enterprise who have security access to the hubs. You can use this data to generate reports, schedule activities, or send broadcast email messages.

### Contacts and Leads

If your enterprise uses CRM Plus and enables the Lead Qualification Process in Settings, the Contacts hub includes additional features that allow you to manage the entry and qualification of leads and contacts during the sales process.

In the Contacts hub, you can:

- Indicate that a contact is a new lead. New leads are contacts with which you do not yet have a relationship but you would like to develop one.
- Determine the contact's level of interest in doing business with your enterprise.

- Qualify the contact and build a relationship because the contact meet's your enterprise's requirements and is interested in doing business with your enterprise.
- Create an opportunity or firm record if a qualified contact has an upcoming project for which they are accepting bids. This allows you to begin tracking related opportunities and status.
- Associate a marketing campaign to the contact, opportunity, and firm when qualifying a contact.

If your opportunity results in an awarded project, you can create a new project record from the opportunity record, ensuring continuity of data from the project's prospect stage forward.

If you determine that the contact is not worth pursuing, you can revert the contact back to a lead. You can also change the contact's status to disqualified but you must provide a reason for the change in status. Only qualified contacts can be associated with projects and opportunities.

### CRM Reports

DPS includes a number of reports designed to help you manage the CRM-oriented information in your database.

Use these reports to review simple or detailed lists of the clients, contacts, employees, leads, marketing campaigns, opportunities, projects, and vendors stored in your database; review probability forecasts for your opportunities; and print mailing labels for clients, contacts, and leads. You can also print calendar and activity reports to review activities for specified periods of time or for selected clients, contacts and employees.

Generate CRM reports from the hubs or from **Reporting** » **Activity** in the desktop application.

### Activity Reports

To generate activity reports, you must access either the Calendar or the Activities hub.

- **Activity List**: This report displays all of your scheduled and/or completed activities, based on the selections that you make using the Activities hub.
- **Activity Summary**: This report displays a summary of details for selected activities that you have scheduled or completed, based on the selections that you make in the Activities hub.
- **Activity Calendar**: This report displays a snapshot of your phone calls, meetings, and tasks for a given day, week, or month.

## Linking Client and Vendor Records

If you manage both client and vendor/consultant records, you can either use one hub to maintain both client and vendor information or link client and vendor records together to share data.

Information will be provided in a future release.

### Use One Hub

If you are a Customer Relationship Manager (CRM) Only user, you can merge the Clients and Vendors hubs into one. This single hub can track all of the firms or companies with which you interact. You can name the singlehub something like "Firms," enter all client and vendor data in this one location, and eliminate the need to maintain the data in two hubs.

- New CRM users who want to take advantage of this feature can enter firm data in the Clients hub only and use Security Settings to disable the Vendors hub for all roles.
- Existing CRM users who want to combine data from the two hubs, but who already have records entered in both, must:
  - Use **Utilities** » **Advanced Utilities** » **Create Client From Vendor** to add all vendor records to the Clients hub, then
  - Use **Configuration** » **Security** » **Roles** to disable the Vendors hub for all roles.

### Link Hub Records

If you use the Accounting application, or the Accounting and CRM applications together, you must maintain separate records in the Clients and Vendors hubs. This gives DPS the ability to associate client records with billings and use vendor records to process payments.

However, you can use the Create Client From Vendor feature to link client and vendor records together and maintain similar information.

You can also use the Create Vendor from Client feature to quickly create a new vendor record. DPS populates the vendor record with data from the Clients hub, thereby reducing the need for you to enter the same information at multiple locations in DPS. For example, you might link client and vendor information in the following scenario:

- Marketing develops a relationship with a prospective consultant as part of a new opportunity team. Marketing creates a client record for the consultant.
- The project is awarded.
- Accounting needs to pay the consultant as a vendor.

### Resource Planning Users

If you use the Resource Planning application, you must set up clients and vendors separately. The Planning application uses Vendors hub records for budgeting consultants and expenses.

## Marketing Campaigns

A marketing campaign is any event or activity designed to reach new and existing leads, contacts, and/or clients for the purpose of generating new business for your enterprise.

You maintain marketing campaign data in the Marketing Campaigns hub. Marketing campaigns may include:

- Attending trade shows or professional association meetings to generate new leads.
- Mailing brochures or other marketing materials to all the leads in your database to increase awareness of your enterprise and its services.
- Hosting seminars or meetings for leads and clients to describe the services that you offer and to highlight project accomplishments.

Use the Marketing Campaigns hub to:

- Enter marketing campaign name, type, target audience, objective, and description information.
- Track campaign budgets, costs, and revenue using project labor and expense data.

- Set up, track, and summarize campaign activities.
- Track responses to the campaign, including the number of business leads, contacts, opportunities, and projects generated by the campaign.
- Access files related to your campaigns.
- Export data to Microsoft Excel.

After you enter data in the Marketing Campaigns hub, it is accessible by anyone whose security role has access to the hub. Use this data to generate reports, schedule activities, and monitor campaign status.

## Opportunity Tracking and Pipeline Management

Opportunity tracking and pipeline management are critical processes that your marketing and sales staff use to monitor and assess their efforts as they pursue new business for your enterprise.

### Pipeline Management

Your sales and marketing pipeline includes all of the people and activities involved in generating new business. The pipeline begins with the identification of new leads and continues as you target those leads through marketing campaigns. Because you maintain all lead and marketing campaign data in the hubs, and because you can link and track leads and campaigns, DPS makes it easy for your sales and marketing staff to manage new business in the pipeline.

After leads are in the pipeline, you can qualify or disqualify them, depending on their level of interest in doing business with your enterprise. If a qualified lead has an upcoming project for which they are accepting bids, you can convert that lead to an opportunity and begin tracking opportunity activities and status.

Finally, if your opportunity results in an awarded project, you can create a new project record from the opportunity record, ensuring continuity of data from the project's prospect stage forward.

### Opportunity Tracking

After you identify an opportunity for potential future business, whether from a lead or from elsewhere, you can enter the opportunity data in the Opportunities hub.

Use the Opportunities hub to:

- Enter opportunity name, address, and phone information.
- Retrieve estimated and weighted revenues.
- Review an opportunity's open and close dates, total days open, and current status.
- Schedule and manage opportunity-related activities, including marketing campaign activities.
- Identify the team members assigned to each opportunity and specify team roles.
- Link clients and contacts to opportunities and specify roles.
- Access files related to your opportunities.
- Export data to Microsoft Excel.

After you enter opportunity data in the Opportunities hub, this data is available to all personnel who have security access to the hub. Use this data to generate reports, schedule activities, and monitor opportunity status.

In addition to the tracking features available in the Opportunities hub, you can use the Opportunity Stage Change Alert feature to notify team members when the status of an opportunity changes. This makes it possible for you to keep staff members apprised of the current status of your opportunities and to trigger appropriate team responses as an opportunity moves from one stage to another.

## Calendar and Activity Management

A key component of lead follow-up, opportunity tracking, and project management is the ability to schedule activities for clients, contacts, leads, employees, opportunities, and projects.

DPS provides you with a variety of options to schedule and manage your daily activities, which can include phone calls, meetings, tasks, and other important business functions. Use the following tools to schedule and manage your activities:

- The **calendar** provides a snapshot of all of your activities for a selected month, week, or day.
- Use the **Activities hub** to review details for any completed or pending activity.
- Use the **hubs** to enter and access activity information for individual clients, contacts, leads, marketing campaigns, employees, opportunities, and projects.
- Configure your **dashboard** to include the My Activities dashpart, which displays a list of your scheduled activities.

When you schedule an activity, you enter activity details (such as activity type, date and time); associate the activity with a particular client, opportunity, and project; specify who will attend the activity (employees and contacts); specify whether the activity occurs one time or is an event that recurs; and schedule follow-up activities.

Scheduled activities display on attendees' calendars and dashboards, and can be reviewed in the Activities hub. All of these features make it easy to review and track activities throughout the project life cycle, from lead generation and marketing campaign activity to opportunity proposal generation and project award and completion.

In addition, you can set up reminders to notify attendees when an activity is about to occur or when a modification has been made to the activity schedule.

### Examples

- You finish a cold call with a prospect and schedule a follow-up activity as a reminder to send the prospect a brochure and thank you letter.
- You schedule a phone call with a contact to discuss an opportunity that your enterprise wants to pursue.
- You schedule a meeting with a contact and project team members to provide an update on project progress.

## Sharing Data with Microsoft Office

You can coordinate or share certain types of hub and activity data with the other software applications that you use, including Microsoft Office.

### Microsoft Office Integration

You can integrate DPS information with Microsoft Office. This includes sharing client, contact, lead, and activity information; inserting DPS opportunity record information or text library text into PowerPoint presentations; and searching text library records for data to include in Word documents. You can also automatically generate DPS clients, contacts, and activities, and search the database directly from your desktop.

# Project Control

The Project Control application helps you keep your projects running smoothly. Use it to manage project activities and monitor project progress.

Use the Project Control application to record each of your enterprise's projects, coordinate project activities, monitor project progress, process labor and expense transactions, charge direct and overhead costs to projects, track employee time, generate project reports, and maintain project budgets.

You can use the Project Control on its own or use it with other DPS applications such as Billing, CRM, Resource Planning, and Time and Expense, as a complete financial and project management system.

### Maintain Project Information

Before you use the Project Control application, you must enter basic information about each of your projects, including phases and tasks, if applicable. You must also enter basic information about your clients and your employees, and set up unit tables if you are using units to charge any expenses to your projects.

Then, on a regular basis, you supply DPS with current project-related information. For example, you:

- Establish budgets for projects.
- Process timesheets, which DPS uses to cost and distribute labor to projects.
- Process expense charges to projects.
- Process invoices for projects.
- Update percent completes for projects.

As you process transactions and update project budgets and percent completes, DPS uses this information to calculate:

- The overhead allocated to each project.
- The direct expenses charged to each project.
- The revenue earned by each project.

### Project Reports

You can generate various reports that show the financial status of your projects, including:

- Project Progress Report
- Project Detail Report
- Project Summary Report
- Office Earnings Report
- Project List Report
- Unposted Labor Report

Some project reports are designed to help project managers monitor the performance of their own projects. These reports include detailed information about the labor, expense, and revenue postings to individual projects. Other project reports are designed to help principals analyze the performance of the enterprise as a whole. These reports provide a more summarized view of all of projects.

## Project Information

Enter and manage your core project information in the Projects hub. The Project Control application uses information from the Employees hub, Firms hub, Contacts hub, Marketing Campaigns hub, Opportunities hub, Units hub, and Chart of Accounts

### General Project Information

Use the Projects hub to manage general project information, including:

- Project name and number
- Project type
- Project manager, principal, supervisor
- Project team members
- Client and contact name and address
- Expected compensation, direct consultants, reimbursable allowance, and budgeted overhead rate
- Revenue recognition method
- Project start and completion dates

### Project Operating Information

As part of your normal operations, you also track the following project-related operating information:

- Activities
- Percent completes
- Labor and expense budgets
- Labor and expense charges
- Billed amounts

- Accounts receivable information
- Profit information

### Project Templates

Before you start entering project information, learn more about project templates, which make it faster and easier to enter new projects. Use a template to collect common or typical information about your projects, which you can then reuse as you set up new projects.

## Phases and Tasks

When you set up a project in DPS, you can divide the project into phases and tasks.

Use phases and tasks to identify and track individual segments of a project by type or duration, by independently managed components of the project, or by any other discrete project elements that exist within the larger project. Typically, companies use phases and tasks to accommodate internal reporting practices (for example, when different departments are responsible for different parts of a project).

- **Project**: A project is one of your individual jobs.
- **Phase**: A phase is an explicitly defined sub-project or independently managed component of a project. Use phases to group labor and expense activity within a project. A phase is usually an element of work performed during the course of a project with an expected duration, an expected cost, and expected resource requirements. Typically each project has its own set of phases. Phases can be further divided into tasks.
- **Task**: A task is an explicitly defined sub-phase or independently managed component of a phase. Use tasks to group labor and expense activity within a phase. A task is usually an element of work performed during the course of a phase with an expected duration, an expected cost, and expected resource requirements. Typically each phase has its own set of tasks. You must have a phase to set up a task.

You can decide on a project-by-project basis whether to use phases and tasks.

If you decide to use phases and tasks, you must supply a phase and task number with every labor and expense transaction that you post to the project.

If you use DPS Billing, you can also establish separate billing terms for each phase and task, and show phases and tasks separately on invoices.

## Interaction of Project Control and Accounting

The Project Control and Accounting applications are fully integrated, meaning that accounting transactions affect both the general ledger and your project information. Your accounting and project records are always synchronized.

When you process an accounting transaction, you must supply a project number, a phase/task number (if you are using phases and tasks), and an account number. The project number (and phase/task number) tell DPS where to post the transaction data on the project side of your database. The account number tells DPS where to post the transaction data on the accounting side.

For example, when an employee records a reimbursable expense on an expense report, the employee must enter a regular project number and a reimbursable account number for the expense. When the transaction is posted, the expense amount appears on project reports

associated with the project number that you entered. The expense amount also appears as part of the total reimbursable expense amount on your Income Statement, as part of the account balance for the account number that you entered.

Because you enter transactions only once, the Project Control and Accounting applications remain in balance. The year-to-date revenue, expense, and profit totals for your project reports always tie to the same totals on your general ledger reports.

### Match Project Types and Account Numbers

- When you enter a transaction associated with a regular, revenue-producing project, you must use a reimbursable or direct expense account number.
- When you enter a transaction associated with an overhead project, you must use an indirect expense account number.

## Labor and Expense Charges

After you enter project and employee information in the DPS hubs, you can begin processing project-related labor and expense transactions.

All of the work that your enterprise does and all of the money that it spends and receives is associated with a project. Every labor and expense transaction must have an associated project number.

### Transaction Types

When you use the Project Control application by itself, without other DPS applications, you can process the following transactions:

- **Timesheets**: Use timesheets to record employee labor charges.
- **Labor Adjustments**: Use labor adjustments to record corrections to labor charges that have already been posted.
- **Employee Expenses**: These transactions are designed to record employee travel and automobile expenses, but can be used for all expense reporting purposes.
- **Employee Repayments**: Use employee repayments to record payments that employees make when they do not use the full amount of their expense advances.
- **Units**: Units are goods or services that you cost and bill at a fixed rate. Use unit transactions to record expense charges made using units.
- **Miscellaneous Expenses**: Use miscellaneous expense transactions to record expenses that do not fit into another expense category, including telephone, postage and shipping, models, and photography. This transaction type is designed to take previously costed overhead items and distribute their cost to revenue-producing projects.
- **Prints and Reproductions**: Use prints and reproductions transactions to record expenses related to printing and photocopying.
- **Invoices**: Use invoice transactions to records bills that you have sent to clients. If you use DPS Billing, the Billing application creates these transactions automatically when you create invoices.

These transactions update the project and employee data in your database and affect your project-related reports.

If you are also using the Accounting application, you can enter cash receipts and disbursements, journal entries, and other accounting-related transactions.

### Effect of Posting Timesheets

When you post employee timesheets, DPS:

- Debits your labor expense accounts (for example, Direct Labor, Indirect Labor, and Vacation) for the amounts entered on the timesheets.
- Credits an indirect expense account (Job Cost Variance) for the total labor cost.

  The Job Cost Variance account (703.00 in the standard chart of accounts) holds the labor cost credit balance until you pay your employees. When you pay your employees, DPS debits the Job Cost Variance account for the total payroll amount. What remains in the account is the difference between the amount of labor costed to projects and the amount that you paid employees for that labor. Because Job Cost Variance is an indirect expense account, this difference becomes part of your firmwide overhead and therefore is distributed among all of your enterprise's revenue-producing projects when you allocate overhead.

### Effect of Posting Employee Expenses and Advances

When you process employee expenses and advances, DPS:

- Debits the appropriate expense accounts (Reimbursable Expenses, Direct Expenses, Indirect Expenses, Other Expenses) for the amounts entered on employee expense reports.
- Credits an asset or receivable account for the amount of the expense or advance.

All of the labor and expense transactions that you process and associate with projects ultimately appear on your project reports, allowing you to review and track current, year-to-date, and/or total labor and expense costs for each of your projects.

### Direct and Reimbursable Expenses

You can record two types of expenses related to revenue-producing activities: direct expenses and reimbursable expenses.

- Direct expenses are revenue-generating expenses associated with regular, revenue-producing projects. They must be recovered or absorbed by labor or fee billings.
- Reimbursable expenses are also associated with regular, revenue-producing projects, but they are billed as line items over and above your labor or fee billing.

You differentiate between these two types of revenue-producing project expenses by creating two ranges of account numbers in your chart of accounts, one for reimbursable expense accounts and one for direct expense accounts.

Most enterprises who have a mix of contract types (in which expenses can be part of the fee or billed to the client as line items) set up both ranges, using identical account numbers except for the first digits, as in the following example:

- 519.99 Reimbursable Consultant Budgets
- 599.99 Reimbursable Expense Budgets
- 619.99 Direct Consultant Budgets

- 699.99 Direct Expense Budgets

Indirect expenses (accounts 700.00 through 799.99 in the standard chart of accounts) are expenses that are associated with overhead or promotional type projects. Examples of indirect expenses include electricity, office supplies, payroll benefits, and vacation time. These expenses are not directly associated with any one project; rather they are the general operating costs of your enterprise. The overhead allocation process distributes these expenses among your revenue-producing projects.

### Costing Labor to Projects

Labor is both the greatest single expense incurred during the course of a project and the expense that is most within the control of your project managers.

By carefully monitoring project reports, your project managers can make sure that labor hours and dollars are being used effectively. One of the keys to producing useful project reports is to choose an appropriate method for costing labor to projects.

When you set up employee records in the Employees hub, you must enter the following information for each employee:

- **Job Cost Rate**: The employee's job cost rate is the monetary amount at which the employee's regular labor hours are charged to projects. This amount can be a fixed amount per hour, applied directly to the number of hours charged. Or it can be a variable amount based on the employee's salary divided by the number of regular hours worked in a payroll period (**Hourly Rate = Salary / Number of Regular Hours Worked**).
- **Overtime Percentage**: The employee's overtime percentage is applied to the employee's job cost rate to calculate the rate at which the employee's overtime hours are charged to projects. This percentage can be entered as **0%** if no overtime is paid, **100%** if overtime is paid at the same rate as regular time, **150%** if overtime is paid at time-and-a-half, or another percentage if overtime is paid at a different rate.
- **Hours Per Day**: The hours per day represent the amount of time you expect the employee to work each day. This number is used to calculate overtime hours for hourly employees.

DPS uses all of this information to distribute an employee's labor costs to the projects on which the employee works.

### Regular and Overtime Labor Costs

DPS uses both regular and overtime hours entered on employees' timesheets to compute labor charges for each employee and the projects on which he or she works.

During normal operations, all hours that an employee works are recorded on a timesheet. Generally, an employee's regular hours are the total hours that an employee is expected to work in a pay period (for example, 40 hours per week). An employee's overtime hours are any hours worked in excess of the regular hours for the period.

You can record regular hours and overtime hours separately.

DPS follows these steps to compute the monetary labor amount costed to all projects, phases, and tasks on which an employee works:

**Labor Amount = (Job Cost Rate * Reg Hours) + (Job Cost Rate * Ovt Percent * Ovt Hours)**

Note that the job cost rate in the above equation is the hourly job cost rate entered for the employee in the Employees hub, or the employee's salaried rate divided by the number of hours charged in the current payroll period.

### Regular Cost Calculation

DPS calculates labor costs for regular hours by multiplying the number of regular hours on an employee's timesheet by the employee's job cost rate (as defined in the Employees hub).

If you enter a salaried job cost rate for an employee, DPS calculates labor costs for regular hours by dividing the salaried amount per payroll period by the number of regular hours that the employee reports for the current payroll period.

### Overtime Cost Calculation

You may want to pass on the added cost of overtime hours to your projects. DPS calculates overtime job cost rates based on the information that you enter for each employee in the Employees hub. DPS calculates overtime costs for an employee with an hourly job cost rate differently than it does for an employee with a salaried job cost rate.

- **Employees with an Hourly Rate**: If you enter an hourly rate as the job cost rate for an employee, DPS calculates the overtime job cost for the employee using the following formula:

  **Overtime Job Cost = Ovt Hours * Job Cost Rate * Ovt Percentage**

- **Employees with a Salaried Rate**: If you enter a salaried amount per payroll period as the job cost rate for an employee, DPS begins calculating the overtime job cost for the employee by calculating the employee's annualized hourly rate. DPS calculates the annualized hourly rate using the following formula:

  **Annualized Hourly Rate = Annual Salary / Estimated Annual Regular Hours**

  (Estimated Annual Regular Hours = Hours per Week * 52 Weeks)

  DPS then uses this annualized hourly rate as the hourly job cost rate when it calculates the employee's overtime costs. DPS calculates the employee's overtime job cost using the following formula:

  **Overtime Job Cost = Annualized Hourly Rate * Ovt Percentage**

You can use both a standard overtime rate (**Ovt 1**) and a secondary overtime rate (**Ovt 2**). DPS calculates each overtime rate separately. Secondary overtime is overtime that is costed and paid at a different rate than standard overtime. Typically, standard overtime is costed and paid at 150% (time-and-a-half) of regular pay. Secondary overtime is used for special circumstances that require overtime to be costed and paid at a rate other than 150%.

### Job Cost Rates

An employee's job cost rate is the rate at which you want to cost the employee's labor to the projects on which the employee works. An employee's job cost rate may or may not be the same as the employee's payrate.

You must define a job cost rate for each employee in the Employee hub. You can choose one of three methods to calculate the job cost rate for an employee:

- **Fixed Hourly Rate**: The most common method for calculating a job cost rate is to apply a fixed hourly rate to all regular hours an employee works. This method provides a

standard value for each hour an employee works (regardless of what project the employee works on), simplifies labor-based billing calculations, and allows for a more consistent ratio of labor cost to fee revenue. This method makes it easy for project managers to budget labor costs.

For an hourly employee, the fixed hourly rate is the employee's hourly pay rate. For a salaried employee, DPS calculates the hourly rate using the following formula:

**Job Cost Rate = Annual Salary / Total Hours Worked per Year (usually 2,080)**

Enterprises that use a fixed hourly rate usually do not cost overtime hours at a different rate from regular hours; they either enter the overtime percentage for all employees as 100% (which means overtime hours are not marked up) or they have employees record all hours as regular hours. If you want to cost overtime at a different rate than regular time, you can modify this method by costing hourly employees at the premium rate (usually 150% of the regular pay rate).

Projects with significant amounts of unpaid overtime incur higher labor costs under the Fixed Hourly Rate method, because every hour of labor is costed, even though it is not paid.

- **Payrate**: Another method for calculating a job cost rate is to use an employee's payrate as the job cost rate. This method provides a more accurate picture of the cost of salaried labor, because it is based on the actual amounts paid to employees, not on fixed hourly rates. Some government contracts require that you use this method. If you use this method, you must also use the Adjust Salaried Job Cost feature.

  For an hourly employee, the job cost rate is the employee's hourly payrate. DPS applies this rate to all regular hours worked. You can then use an overtime percentage to mark up overtime hours to reflect any extra amount paid to the employee for overtime work. For a salaried employee, DPS calculates an hourly rate using the following formula:

  **Job Cost Rate = Salary for the Payroll Period / Total Hours Worked for the Payroll Period**

  If you want to see the number of overtime hours that salaried employees work, even though the employees are not paid for these hours, enter the overtime percentage for salaried employees as 000% and have those employees record regular and overtime hours separately on their timesheets. This allows you to track overtime hours without applying any additional costs to your projects.

  Projects with significant amounts of unpaid overtime do not incur as much labor cost under this method (when compared with the Fixed Hourly Rate method) and the job cost rate can fluctuate significantly from pay period to pay period. The more hours an employee works in a pay period, the lower the employee's job cost rate. This fluctuation can make it difficult for project managers to budget labor costs.

- **Direct Personnel Expense Rate**: If you use direct personnel expense as your job cost rate, you include employee benefits in the labor amounts you cost to projects. Employee benefits then appear as part of direct labor cost on project reports.

  To use the direct personnel expense rate as your job cost rate, you must use a fixed hourly rate as the job cost rate for regular hours worked. You can then either cost overtime hours at the same rate as regular hours by using an overtime markup of 100% for all employees, or use an overtime markup of 000% for salaried employees and 150% for hourly employees who are paid time-and-a-half for overtime.

  For both salaried and hourly employees, DPS calculates the job cost rate using the following formula:

**Job Cost Rate = (Annual Salary + Benefits) / (Total Hours Worked Per Year – Annual Benefit Hours)**

The Direct Personnel Expense Rate method creates an artificially low overhead rate for your firm because it removes all employee benefit costs from the overhead pool.

### Project Charge Types

When you set up a project in DPS, you must assign it a project charge type to determine how labor and expense costs are charged to the project.

You select the project charge type on the Accounting tab of the Projects hub in the desktop application.

Three charge types are available:

- **Regular**: A regular project is a project that produces revenue. Typically, each of the projects for which your enterprise receives compensation is a regular project. Costs charged to regular projects include direct labor, direct expenses, and reimbursable expenses.

  Regular projects accumulate transactions for the life of the project.

- **Overhead**: An overhead project is a project that does not produce revenue. Typical overhead projects include Marketing, Administration, and Professional Development. You charge all indirect labor (for example, accounting and administrative time) and all indirect expenses (for example, rent and utilities) to overhead projects. You can then distribute these costs to your regular projects.

  Overhead projects accumulate transactions for the current year only. At year-end, DPS zeroes-out overhead projects so that they can begin accumulating transactions for the new year.

- **Promotional**: A promotional project is a type of overhead project that can overlap fiscal years. Promotional projects accumulate costs associated with projects that have not yet reached the contract stage. Do not confuse promotional projects with opportunities. You cannot charge expenses to an opportunity.

  You set up a promotional project when you want to begin charging expenses to an opportunity (for example, when you start developing a project proposal or after you win a project and begin negotiating contract terms with the client).

  DPS does not zero-out promotional projects at year-end. Promotional projects accumulate transactions for the life of the project.

In some cases, the project numbers that you use are projects in the traditional sense: regular, revenue-producing jobs. For example, when a survey crew goes to a construction site, the crew charges its labor to the construction project.

In other cases, the project numbers that you use are projects in a different sense: they are repositories for overhead information. For example, when a member of your accounting staff spends the day processing payments to vendors, that employee charges labor to an overhead project.

If you use the Organization Reporting application, project numbers have a third use: they steer project-related transactions to the appropriate organization’s Balance Sheet accounts. For example, you may have one office in Boston and another in Atlanta. When work is performed on

a project owned by the Boston office, the labor charge is applied to the Boston office's Balance Sheet.

### Expense Categories

You can set up expense categories to make it easier for employees to fill out expense reports. For each expense category (for example, Hotels, Meals, or Auto) you can predefine settings such as general ledger accounts and whether or not the expense is billable, so that employees do not need to enter this information manually.

For example, you might have a category called Auto for all car-related expenses, including mileage, repairs, and rental cars. When an employee selects the Auto expense category on an expense report line, DPS automatically supplies the correct account and other information. This makes it easier for employees to enter line items on expense reports and lets you limit the accounts to which employees can charge expenses on expense reports.

Expense categories can work directly with expense groups, which are collections of employees who belong to the same department or team or have something else in common. You can give an expense group access to only the specific expense categories that are appropriate for the group's responsibilities and activities.

Set up expense categories and groups in **Settings** » **Expense**.

## Project Budgeting

To get the most out of DPS Project Control, you should establish budgets for your project's key components, including labor, expense, and overhead, and then periodically enter percent completes to reflect the project's current level of completion.

In this way you can monitor each project's cost in relation to its overall progress. You can compare actual vs. budgeted amounts on the Project Progress Report, not only to determine whether or not a project is on target, but to understand the reasons why or why not.

Unless you are using the DPS Planning application, the tool that you use to enter all budgets and percent completes is the Project Budget Worksheet.

### Project Budget Worksheet

The Project Budget Worksheet lets you experiment with different budgets before posting them to your database. The worksheet calculates new totals, percentages, and so on, based on the most recent data entered.

The Project Budget Worksheet is both a budgeting tool and a modeling tool. On the worksheet, you can:

- Develop and manage labor and expense budgets for your projects. You can set up budgets for individual labor codes and expense accounts, at both cost and billing rates.
- Run hypothetical budgeting scenarios. As you enter the budget or percent complete for each labor code and expense account, you can see the effect on the total budget and budgeted profit . Analyzing the results of a "what-if" scenario lets you see if the project is meeting profit goals, before it is too late to make changes.

Budgets remain in effect until you enter new amounts that overwrite them.

We recommend that all project managers have access to the Project Budget Worksheet, so that they can review and update budgets for their own projects.

### Budgeting and Contract Type

The importance of budgeting depends on the project's contract type.

- **Fixed-Fee Contract**: Budgeting is very important because cost overruns cannot be recovered. Examples include contracts based on a lump sum or a percentage of construction cost.
- **Hourly Contract with Maximum**: Budgeting is important because you will benefit if the final cost falls short of the maximum. Examples include contracts based on a multiple of direct personnel expense.
- **Hourly Contract without Maximum**: Budgeting is less important because you have no ceiling on costs. Nevertheless, the client will expect you to control costs to the best of your ability.

### Labor Budgets

Labor is the most significant cost for any project and, as such, the most important element to budget and track.

On the Project Budget Worksheet, you can budget:

- Labor hours
- Labor cost
- Both labor hours and labor cost

Because a project can be under budget in hours, yet over budget in cost, you should budget both hours and cost.

Use the Labor Billing tab and/or Labor Costs tab of the Project Budget Worksheet to budget labor for your project.

### Budget by Labor Code

Budget labor by labor code at the labor code level most appropriate to the size and complexity of the project.

For example, assume that your enterprise has a three-level labor code, representing department, phase, and staff levels. You may find it unnecessary and time-consuming to create budgets to the third level of detail. Instead of entering budgets for staff levels, you may use a general code (for example 00) in place of the third labor code level.

Another option is to create a multi-level labor code solely for budgeting (for example, BU000) and enter entire project labor budgets using that code. That is why it makes sense that you include a general code for each labor code level when you create your labor code structure.

### Percent Complete Overrides

You can override the percent completes entered on any of the Project Budget Worksheet tabs. For example, you can specify an overall percent complete for the entire project.

### Expense Budgets

Direct and reimbursable expenses, particularly consultant expenses, represent a significant project cost.

On the Project Budget Worksheet, you can enter a budgeted amount for each direct and reimbursable account that will receive postings from a project.

Use the Expense Billing tab and/or Expense Costs tab on the Project Budget Worksheet to budget expenses for your project.

### Summary-level Budgets

Some enterprises use budgeting accounts to build summary-level expense budgets. They create a budgeting account for each category of expenses; for example:

- 519.99 Reimbursable Consultant Budgets
- 599.99 Reimbursable Expense Budgets
- 619.99 Direct Consultant Budgets
- 699.99 Direct Expense Budgets

Then they enter budgets for just these accounts.

### Percent Complete Overrides

You can override the percent completes entered on any of the Project Budget Worksheet tabs. For example, you can specify an overall percent complete for the entire project.

### Budget by Cost Rates or Billing Rates

On the Project Budget Worksheet, you can create budgets using cost rates, billing rates, or both.

### Billing Rates

If you enter budgets at billing rates, all labor and expense amounts are the amounts that you actually bill to the client. The billing-based budget shows the planned expenditures for labor, direct, and reimbursable expenses at their billing value. The contract value is often equal to the sum of all billing budgets.

Use the Labor Billing tab and/or Expense Billing tab on the Project Budget Worksheet.

### Cost Rates

If you enter budgets at cost rates, you use amounts that reflect the planned costs of a project. This includes labor, direct and reimbursable expenses, and overhead. The difference between the contract value and budgeted cost is the budgeted profit. Cost-based budgets also include a profit percentage, which is calculated by dividing profit on services by the sum of compensation and consultant fees for the project.

Use the Labor Costs tab, Expense Costs tab, or both, on the Project Budget Worksheet.

### Budget Summary

After you enter a project budget, DPS automatically calculates budget summary information, which appears in the Budget Summary dialog box.

The **Compensation**, **Direct Consultant**, and **Reimbursable Allowance** fields on the Budget Summary dialog box contain the same information as they do on the Accounting tab of the Projects hub. When you update these fields in either place, DPS automatically updates them in the other place.

The Budget Summary dialog box has two tabs:

- Burden (Cost) Summary tab
- Billing Summary tab

### EAC and ETC Values

You can enter Estimates at Completion (EAC) and Estimates to Complete (ETC) on the Project Budget Worksheet.

Your ability to work with EAC and ETC values depends on security settings. See your System Administrator if you need assistance.

| Value | Description |
|---|---|
| **EAC Hours** | Estimate at Completion Hours<br>Your estimate of the total number of hours expended at the completion of the task or project. |
| **EAC Amount** | Estimate at Completion Amount<br>Your estimate of the total cost at completion of the task or project.<br>You can enter EAC amounts on the Project Budget Worksheet by:<br>▪ Project, phase, task, and labor code for labor entries.<br>▪ Project, phase, task, and account for expense entries. |
| **ETC Hours** | Estimate to Complete Hours<br>Your estimate of the total additional hours required to complete the task or project. |
| **ETC Amount** | Estimate to Complete Amount<br>Your estimate of the total additional cost required to complete the task or project.<br>You can enter ETC amounts on the Project Budget Worksheet by:<br>▪ Project, phase, task, and labor code for labor entries.<br>▪ Project, phase, task, and account for expense entries. |

## Percent Completes

The percent completes that you enter for a project should be the project manager's estimate of how far a labor or expense component has actually progressed.

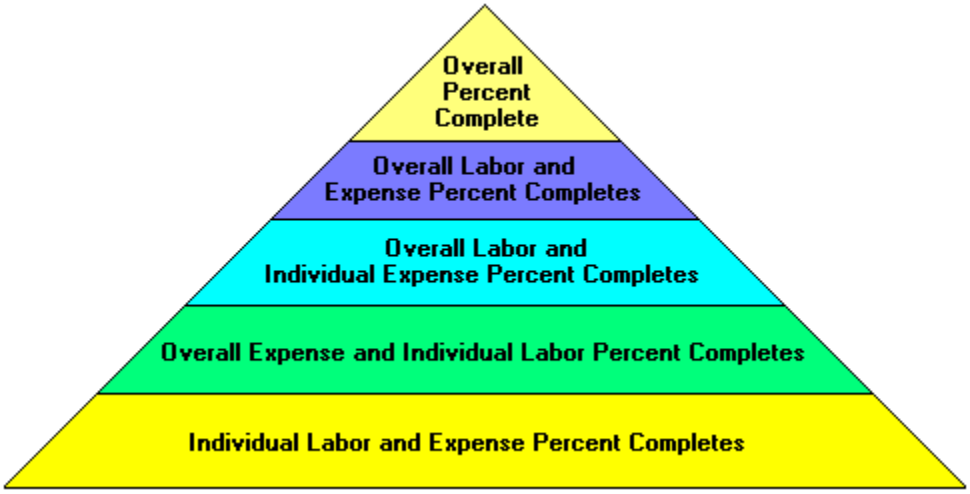
Percent complete values should not represent progress that should have taken place nor the percentage of budgeted labor and expense amounts actually spent. In other words, if your enterprise has already used 75% of its travel budget for a project, but has only completed 50% of expected travel, the percent complete for travel expenses should be 50%, not 75%.

You have the following options for entering percent completes:

- You can enter percent completes for individual labor codes and expense accounts. This approach is useful if individual components are at very different stages of progress.
- You can enter a labor percent complete and/or expense percent complete that represents the total progress of all labor and expense components. This approach is useful if all labor components or all expense components are progressing at roughly the same pace.
- You can enter an overall percent complete for the entire project. This percentage overrides the overall percent complete that DPS calculates automatically and displays in the Budget Summary dialog box.

### Hierarchy of Percent Complete Overrides

A graphical summary of the percent complete hierarchy shows which percent complete value takes precedence when more than one percent complete value has been defined for the project.




## Overall Percent Complete

The overall percent complete for the entire project overrides all other percent complete values.

You enter the overall percent complete for the entire project in the **Overall % Complt** field on one of the four tabs of the Project Budget Worksheet (Labor Costs, Expense Costs, Labor Billing, and Expense Billing).

### Overall Labor Percent Complete and Overall Expense Percent Complete

If you define both an overall labor percent complete and an overall expense percent complete, DPS uses these values together to compute the overall percent complete for the project. In this case, DPS ignores individual percent completes for labor and expense budgets.

- Define the overall labor percent complete in the **Lab % Complt** field on the Labor Billing tab or Labor Costs tab.
- Define the overall expense percent complete in the **Exp % Complt** field on the Expense Billing tab or Expense Costs tab.

### Overall Labor Percent Complete and Individual Expense Percent Complete

If you define an overall labor percent complete, DPS uses this value for your labor budget and uses the individual percent completes defined for your expense budget.

You define the overall labor percent complete in the **Lab % Complt** field on the Labor Billing tab or Labor Costs tab.

### Overall Expense Percent Complete and Individual Labor Percent Complete

If you define an overall expense percent complete, DPS uses this value for your expense budget and uses the individual percent completes defined for your labor budget.

You define the overall expense percent complete in the **Exp % Complt** field on the Expense Billing tab or Expense Costs tab.

### No Overall Percent Completes Defined

If you have not defined an overall percent complete, an overall labor percent complete, or an overall expense percent complete, DPS uses the individual percent completes defined for your labor and expense budgets.

## Percent Completes for Individual Labor Codes and Expense Accounts

You can enter percent completes at the individual labor code and expense account level. Use this method when labor codes or expense accounts have different percentages of completion.

Enter individual percent completes in the **% Complete** field on the following Project Budget Worksheet tabs, as needed: Labor Costs, Expense Costs, Labor Billing, Expense Billing.

### Example

For example, if you enter individual labor and expense percent completes for each of your labor codes and account numbers, DPS calculates the project's overall percent complete as follows.

This example assumes that you have entered overall, labor, and expense percent complete information on the Project Budget Worksheet.

### Labor Budget

| Labor Code | Labor Budget | | Percent Complete | Earned Labor | | Budgeted Overhead Percentage | Earned Overhead |
|---|---|---|---|---|---|---|---|
| A0000 | $2,500 | x | 20% = | $500 | x | 210% | $1,050 |
| A1000 | $4,000 | x | 30% = | $1,200 | x | 210% | $2,520 |
| | $6,500 | | | $1,700 | | | $3,570 |

### Expense Budget

| Account Number | Expense Budget | | Percent Complete | Earned Expenses |
|---|---|---|---|---|
| 511.00 | $1,000 | x | 45% = | $ 450 |
| 512.00 | $2,000 | x | 40% = | $ 800 |
| | $3,000 | | | $1,250 |

### Calculations

| Calculation | Amount |
|---|---|
| Total Earned Labor<br>+ Total Earned Overhead<br>+ Total Earned Expenses<br>**Total Project Earned** | $1,700<br>$3,570<br>$1,250<br>$6,520 |
| Total Labor Budget<br>+ Total Overhead Budget<br>+ Total Expense Budget<br>**Total Project Budget** | $ 6,500<br>$13,650*<br>$ 3,000<br>$23,150** |
| Total Project Earned/Total Project Budget = **Overall Percent Complete** | $6,520/$23,150 =<br>**28.16%** |

* The Total Overhead Budget is determined by multiplying the Total Labor Budget ($6,500) by the Budgeted Overhead Rate (210%). The Total Overhead Budget in the above example is equal to $13,650.

** The Total Project Budget is the sum of the budgeted amounts in the Labor, Overhead, Direct Consult, Other Direct Exp, Reimb Consult, and Other Reimb fields.

### Overhead Percentage Used

DPS uses the overhead percentage specified for the project record in the Projects hub.

If no percentage is entered in the Projects hub, DPS uses the overhead rate specified for the project's organization.

If DPS does not find a percentage for either of these options, it uses the enterprise-wide rate specified in **Settings** » **General** » **General System**.

### Overall Labor Percent Complete or Overall Expense Percent Complete

For each of your projects, you can define an overall labor percent complete, an overall expense percent complete, or both an overall labor percent complete and an overall expense percent complete.

Define the overall labor percent complete in the **Lab % Complt** field on the Labor Billing tab or Labor Costs tab.

Define the overall expense percent complete in the **Exp % Complt** field on the Expense Billing tab or Expense Costs tab

#### Example

For example, assume that you enter an overall labor percent complete of 50% and an overall expense percent complete of 60% on the Project Budget Worksheet. DPS calculates the overall percent complete for the project as follows:

**Labor Budget**

| Labor Code | Labor Budget | | Percent Complete | Earned Labor | | Budgeted Overhead Percentage | Earned Overhead |
|---|---|---|---|---|---|---|---|
| A0000 | $2,500 | x | 50% = | $1,250 | x | 210% | $2,625 |
| A1000 | $4,000 | x | 50% = | $2,000 | x | 210% | $4,200 |
| | $6,500 | | | $3,250 | | | $6,825 |

**Expense Budget**

| Account Number | Expense Budget | | Percent Complete | Earned Expenses |
|---|---|---|---|---|
| 511.00 | $1,000 | x | 60% = | $ 600 |
| 512.00 | $2,000 | x | 60% = | $1,200 |
| | $3,000 | | | $1,800 |

**Calculations**

| Calculation | Amount |
|---|---|
| Total Earned Labor | $3,250 |
| + Total Earned Overhead | $6,825 |
| + Total Earned Expenses | $1,800 |
| **Total Project Earned** | $11,875 |
| Total Labor Budget | $ 6,500 |

| Calculation | Amount |
|---|---|
| + Total Overhead Budget<br>+ Total Expense Budget<br>**Total Project Budget** | $13,650*<br>$ 3,000<br>$23,150** |
| Total Project Earned/Total Project Budget = **Overall Percent Complete** | $11,875/$23,150 =<br>**51.30%** |

* The Total Overhead Budget is determined by multiplying the Total Labor Budget ($6,500) by the Budgeted Overhead Rate (210%). The Total Overhead Budget in the above example is equal to $13,650.

** The Total Project Budget is the sum of the budgeted amounts in the Labor, Overhead, Direct Consult, Other Direct Exp, Reimb Consult, and Other Reimb fields.

### Overhead Percentage Used

DPS uses the overhead percentage specified for the project in the Projects hub.

If no percentage is entered in the Projects hub, DPS uses the overhead rate specified for the project's organization.

If DPS does not find a percentage for either of these options, it uses the enterprise-wide rate specified in **Settings** » **General** » **General System**.

### Overall Percent Complete

You can enter an overall percent complete for the entire project. If you do so, the percentage you specify overrides the overall percent complete that DPS calculates.

To specify an overall percent complete that overrides all other percent complete calculations, enter a number in the **Overall % Cmplt** field on one of these tabs: Labor Costs, Expense Costs, Labor Billing, or Expense Billing.

### How Overall Percent Completes are Calculated

In calculating the overall percent complete for a project, DPS uses all the record-level percent complete figures unless you specify overrides.

This figure is a weighted average percent complete, calculated in this way:

**(All Percent Completes * Their Budgets) / Total Project Budget**

All percent completes also include a percent complete for overhead, which is equal to the weighted average percent complete for labor.

DPS displays the overall percent complete in the Budget Summary dialog box.

## Project Reporting

DPS offers a variety of summary and detailed reports designed specifically for project management.

Every enterprise shares and uses information in its own way. As you use DPS and become accustomed to the information it makes available to you, you can choose to print and distribute the reports that are most appropriate to your enterprise.

You can sort any of these reports or select projects to be included on these reports based on any static project, phase, or task information, including project manager, principal, or organization name. You can also choose to run your reports (except for the Project List and Unposted Labor reports) at cost rates or billing rates, if you are using the DPS Billing application. If you do not use DPS Billing, all reports print at cost rates.

### Commonly Used Project Reports

#### Project Progress Report

The Project Progress report compares your labor and expense budgets with your project's actual performance on a current and job-to-date basis. The Project Progress report lets you monitor and analyze project, phase, and task status by providing you with the most current information for the project. Use this report to:

- Verify that a project is on target and within budget.
- Pinpoint any trouble areas.
- Diagnose situations that are preventing the project from proceeding according to budget.
- Confirm the accuracy and completeness of current period labor and expense charges.

#### Project Detail Report

The Project Detail report displays current period or job-to-date labor and expense transaction detail for each project, phase, and task. Typically, this transaction-based report is used to view a project's detail for a specific period of time. This report provides you with the following:

- **Labor Distribution Information**: The report shows which employees have charged time to a project, phase, or task in the current accounting period (or job-to-date). Time can be broken out into regular and overtime hours.
- **Billing Assistance**: The report contains a complete record of hours worked by each employee on each project, phase, and task, along with the resulting amounts charged to each project, phase, and task. The report also provides a complete record of all project expenses by account number. Use this report as the billing backup for an invoice if a client requires transaction-level detail.
- **Project Cost Record**: The report shows all project labor charges and expenses in detail, thereby providing you with a complete record of current or job-to-date project costs (unless you are using DPS Billing and choose to print the report at billing rates). Printing the report at billing rates shows the billing potential of all labor and expenses charged to the project.

#### Project Summary Report

The Project Summary report provides you with a comparison of job-to-date spent and budgeted amounts for all of your enterprise's regular projects, phases, and tasks. The report shows the total labor, overhead, direct expenses, indirect expenses, and reimbursable expenses charged to

each regular project, phase, and task. Use the report to see how these amounts compare to your project budgets and to monitor your percent completes.

### Office Earnings Report

The Office Earnings report is a high-level summary of financial activity for all regular projects, phases, and tasks. It includes current, year-to-date, and job-to-date totals for billed and spent amounts, revenue, and profit/loss amounts. Use the report to determine:

- Which project managers are earning the most on their projects.
- What types of work are most profitable for your enterprise.
- The profitability of each organization in your enterprise.

### Project List Report

The Project List report shows all of the data currently entered in the Projects hub. Use this information to review and verify your project data.

### Unposted Labor Report

The Unposted Labor report shows all timesheet data in unposted transaction entry files and all timesheets that are in progress, submitted, or approved, but not yet posted. Use the report to keep track of time that has been charged to projects, but not yet posted to the projects.

### Labor Detail Report

The Labor Detail report shows all labor charges posted to your projects, including the regular, overtime, and total number of hours worked for each employee, labor code, project, phase, and task.

### Labor Summary Report

The Labor Summary report shows summary labor data from the Project Summary report, broken out by labor code. Use the report to compare actuals to budget amounts, by labor code. If you are using the DPS Resource Planning module, you can specify whether DPS draws budget data from plans or from projects when you generate this report.

### Expense Detail Report

The Expense Detail report shows all expense charges posted to your projects, phases, and tasks. The report includes both billed and unbilled expenses.

### Expense Summary Report

The Expense Summary report shows summary expense data from the Project Summary report, broken out by account number. Use the report to compare actuals to budgeted amounts, by account. If you are using the DPS Resource Planning module, you can specify whether DPS draws budget data from plans or from projects when you generate this report.

## Project Reporting at Billing Rates

If you use the DPS Billing application, you can use billing rates instead of cost rates when you print many project reports.

These reports include:

- Project Progress Report
- Project Detail Report

- Project Summary Report
- Office Earnings Report

When you print a report at billing rates, all of the labor and expense amounts appear as they are actually billed to the client, not as they are costed to the project.

# Resource Planning

DPS provides powerful, yet easy to use, applications that support your project planning and resource management activities.

Those applications deliver these primary capabilities:

- **Project Planning**: Project managers can assign employees and generic labor resources, expense types, and consultant types to their projects in the Projects hub and schedule those assignments. They can also enter planned hours for labor resources and planned monetary amounts for expenses and consultants.
- **Resource Management**: Resource managers can use Resource View to make sure that their employees are assigned to projects, correctly scheduled, and fully utilized. Project managers can use Project View to get a complete view of staffing and schedules for their projects at any level of the work breakdown structure.
- **Opportunity Planning**: Project managers assigned to opportunities can begin labor planning for opportunities before the contract is awarded and a project is set up. Once the project is created for a new contract, they can copy all or selected portions of the opportunity plan to the project.
- **Plan Reporting**: The DPS desktop application provides a set of reports for reviewing your plans and tracking actual performance against those plans.

## Project Planning

In Plan mode in the Projects hub, you can assign employees and generic labor resources, expense types, and consultant types to projects, schedule those assignments, and enter planned hours or monetary amounts.

When you add a new project in DPS, an empty project plan is automatically added as well, based on default settings.

To access the project plan, select Plan mode in the Projects hub. In Plan mode, project managers can enter plan dates at all work breakdown structure levels included in the plan, assign employees and generic labor resources, expense types, and consultant types to work breakdown structure elements, and enter anticipated date ranges for those assignments. They can also enter planned hours for labor resources and planned amounts for expenses and consultants.

Each project has only one plan. However, that plan can be viewed and updated from multiple places in DPS: Plan mode in the Projects hub, Project View in Resource Management, or Resource View in Resource Management. Each of these access points provides a different perspective on the plan.

Project planning is available if your company or enterprise has activated the Accounting application. You do not have to have the Resource Planning application.

### Project Planning Features

Take advantage of a number of standard project planning features that help you build and maintain plans.

### Plan Settings

The plan settings that you select for a plan determine whether you can view plan amounts at cost rates, at billing rates, or both, and how those amounts are calculated. To access plan settings, click **Plan Settings** on the Actions menu while in Plan mode.

Plan settings include:

- **Budget Type:** Indicate if you want the plan to be based on cost rates, billing rates, or both.
- **Labor settings:** Specify how DPS determines cost or billing rates and related information that is used to calculate plan amounts for employees and generic resources.
- **Expense settings:** Specify how DPS determines cost or billing rates and related information that is used to calculate plan amounts for reimbursable and direct expenses.
- **Consultants settings:** Specify how DPS determines cost or billing rates and related information that is used to calculate plan amounts for reimbursable and direct consultants.

### Check Out and Check In a Plan

To prevent conflicts when multiple users have access to a plan, you must use the Actions menu to explicitly check out a plan before you can make changes to it in the Projects hub. While you have a plan checked out, no other users can update it. When you complete your work or when you navigate away from the plan to another location in DPS, it is automatically checked back in so that others can update it. If necessary, you can also use the Actions menu to explicitly check in one or more plans.

### Publish a Plan

If you make changes to a plan and the plan is checked in, other users who have access to the plan can check the plan out and make additional changes. However, until the plan is published, it cannot be updated in either of the Resource Management applications, Resource View and Project View, and the unpublished version is not available in planning reports.

### Save a Baseline Version of a Plan

At any point in time, you can save the current version of a plan as its baseline version. The baseline serves as a snapshot of the plan at that point in time. You can then compare the baseline to subsequent plan versions. You can have only one baseline version for any plan. If you save another baseline, the new version replaces the previous baseline.

### Select Planning Grid Columns

The grid on each of the tabs in Plan mode can contain any of a variety of summary data columns. You can select the columns that display in the grid. For example, on the Labor tab, you might choose to display the **Total Planned Hours**, **Total ETC Hours**, **Assignment Start**, and **Assignment End** columns, in addition to the calendar period columns. Make these selections in the Column Settings & Selections dialog box for each grid.

If you set a project up to be planned based on both cost and billing, you can view either cost or billing amounts, and you can select different sets of columns for each of those views.

### Enter Notes for Work Breakdown Structure Elements

If you include the **Notes** column on a planning grid, you can enter notes for any work breakdown structure element at any level of the structure. To enter or review notes for a work breakdown structure element in a plan, click (if no notes exist for the element) or (if notes already exist) in the **Notes** column on the work breakdown structure element's grid row.

### Contract Information

Use the Contract tab on the Projects form in Plan mode to view contract amounts for the project (compensation, labor, direct expenses, reimbursable expenses, and so on).

You can expand or collapse the work breakdown structure hierarchy to view these amounts for any work breakdown structure element at any level of the structure. Depending on the budget type selected in the plan settings, the amounts are displayed either at cost or billing rates, or you may have the option to view them either way.

You cannot make any changes to the information in Plan mode. The data on which the contract amounts are based is entered elsewhere in DPS.

Use the Column Settings & Selections dialog box to determine which contract data columns display in the grid.

### Labor Planning

You can enter plan dates at all work breakdown structure levels included in the plan, assign employees and generic labor resources to work breakdown structure elements, and enter anticipated date ranges for those assignments.

On the Labor tab in Plan mode in the Projects hub, you can:

- **Review planned hours and amounts for the full life of the project and at any work breakdown structure level.** The Labor planning tab gives you the option, for a project that is underway, to display planned hours by calendar period for the life of the project, for past periods as well as current and future periods.

  When you display a project in the grid, you can expand the work breakdown structure to display the lower-level work breakdown structure elements and, at the lowest level, the resource assignments themselves. For each resource, you can see the planned hours or amounts for the work breakdown structure element, broken down into the calendar periods that you have specified for the grid. The hours or amounts for each calendar period roll up from the resource level to each of the work breakdown structure levels.
- **Click an employee name to view extensive information about the employee on his or her Employee Card.** When you drill down to the resource level in the Labor grid, the employee's name is a link to his or her Employee Card, as it is elsewhere in DPS. Along with basic profile information, the Employee Card displays an employee's skills and credentials; all of the employee's assignments that have planned hours remaining; and a list of the employee's current and past projects, with a summary of the actual job-to-date hours that the employee has charged to those projects.
- **Assign resources to work on your projects.** In the Assign Resources to Project dialog box, select one or more resources, locate one or more lowest-level work breakdown structure

elements to which you want to assign those resources, and click **+** next to each of the selected work breakdown structure elements to make the assignments. You can repeat those steps as many times as necessary, without closing the dialog box, to specify all of the assignments, and then click **Assign** to finalize them all at once.

- **Enter planned hours for individual assignments or enter summary hours for allocation to individual assignments.** After you assign employees or generic resources to one or more work breakdown structure elements for a project, use the Labor grid to enter planned hours for those assignments:
  - Use the calendar period columns to enter planned hours for a resource assignment for specific days, weeks, or months. You can enter hours at the resource level or for any work breakdown structure element to which the resource is assigned at any level of the tree structure. If you enter hours in a calendar period column at a level of the work breakdown structure rather than at the resource level, DPS automatically allocates those hours to lower-level elements and to resources.
  - An alternative to entering planned hours calendar period by calendar period is to enter the sum of hours for a range of dates (for example, the entire assignment date range), let DPS allocate those hours across calendar periods, and then make any necessary changes to fine-tune the plan.
- **Copy plans from other projects.** You can create a new project based on an existing project, either by selecting **From Project** in the **Create Project** field on the New Project form or by selecting **Copy Project** on the Actions menu. When you do this, you have the option to copy the existing project's plan as a starting point for the new project's plan.
- **Move labor plans from opportunities to projects.** If you perform resource planning for an opportunity, are awarded the contract, and set up the project in DPS, you can move all or part of the plan you set up for the opportunity into the plan for the project. Use either of these methods:
  - When you create the project, select the **From Opportunity** option in the **Create Project** field on the New Project form, and select the **Copy Plan Structure and Move Assignments** check box.
  - After you create a new project, inactivate or close the opportunity. DPS displays a prompt with a link to display the opportunity plan in Project View in Resource Management and gives you the option to delete the plan or move it. To move the plan, select the portions of the opportunity plan work breakdown structure that you want to move into the project plan. The move includes assignment start and end dates and all planned labor hours.
- **Adjust plans.** If you enter assignments for resources and later need to make changes, you can do any of the following:
  - Add or delete assignments.
  - Change or remove planned hours for individual calendar periods.
  - Reschedule assignments or plans. Shift dates while preserving the same number of working days or change the duration of an assignment or plan.
  - Reassign an assignment, or part of an assignment, from one resource to another (for example, from a generic resource to an employee).
- **Manipulate the calendar period columns in the planning grid to get exactly the view you want.** As you work in the Labor grid, you can use the Change Scale dialog box to specify

the duration of each calendar period: week, month, or a combination of days and months. The **Days & Months** option displays plan data by day for one or two months, with the rest of the project plan displayed by month. If you select this option, you also specify the month or months for which you want to display plan data by day.

- **View planned hours or planned amounts.** Once you have entered planned hours, you can switch your view of the plan to show either the hours or the corresponding planned amounts in the calendar period columns.
- **Plan based on cost or billing rates.** Depending on plan settings, plan amounts are based on cost rates or billing rates. If you plan your project based on both cost and billing rates, you can switch between cost amounts and billing amounts.

### Expense and Consultant Planning

If your company or enterprise enables planning for expenses and consultants, you can assign expense types and consultant types to work breakdown structure elements and enter planned amounts for those assignments.

On the Expenses and Consultants tabs in Plan mode in the Projects hub, you can:

- **Review planned amounts for the full life of the project and at any work breakdown structure level.** The Expenses and Consultants tabs display planned amounts for the life of the project for any work breakdown structure elements included in the plan.

  When you display a project in the grid, you can expand the work breakdown structure to display the lower-level work breakdown structure elements and, at the lowest level, the expense type or consultant type assignments themselves. For each expense type or consultant type, you can see the planned amounts for the work breakdown structure element. Those amounts roll up from the assignment level to each of the work breakdown structure levels.
- **Assign expense types and consultant types to your projects.** To assign expense types or consultant types, select a lowest-level work breakdown structure element in the planning grid and click **+** next to the name of the work breakdown structure element. In the Add Expense Types dialog box or Add Consultant Types dialog box, select one or more expense types or consultant types that you want to assign to that work breakdown structure element.

  The lowest work breakdown structure level for planning expenses or consultants is the level that you specify in the **Planning Level** field on the Expenses tab or Consultants tab of the Plan Settings dialog box.
- **Enter planned amounts for individual assignments or enter summary hours for allocation to individual assignments.** After you assign expense types or consultant types to one or more work breakdown structure elements for a project, you can use the grid on the Expenses tab or Consultants tab to enter planned amounts for those assignments:
  - Use the **Planned Cost** fields on expense type or consultant type grid rows to enter planned amounts for individual assignments.
  - An alternative is to enter the total planned amount in the **Planned Cost** field for a work breakdown structure element at any level of the tree structure. DPS then automatically allocates that amount to lower-level work breakdown structure elements and to individual expense types or consultant types under that work breakdown structure element.

- **Copy plans from other projects.** You can create a new project based on an existing project, either by selecting **From Project** in the **Create Project** field on the New Project form or by selecting **Copy Project** on the Actions menu. When you do this, you have the option to copy the existing project's plan as a starting point for the new project's plan.
- **Adjust plans.** If you enter assignments for expense types or consultant types and later need to make changes, you can do any of the following:
  - Add or delete assignments.
  - Change planned amounts.
  - Reschedule plans. Shift plan dates while preserving the same number of working days or change the duration of a plan date range. Rescheduling plan dates from one of the planning grids affects the plan dates for labor, expense, and consultant planning.
  - Reassign an assignment from one expense type or consultant type to another.
- **Plan based on cost or billing rates.** Depending on plan settings, plan amounts are based on cost rates or billing rates. If you plan your project based on both cost and billing rates, you can switch between cost amounts and billing amounts.

## Resource Management

The Resource Management feature offers two powerful applications that support the labor management efforts of both resource managers and project managers.

- Resource View helps the resource manager understand future staffing needs, make sure that their employees are assigned to projects and fully utilized, determine if resources are scheduled correctly and workloads are balanced, and make hiring and layoff decisions.
- Project View gives the project manager a complete view of staffing and schedules for their projects at any level of the work breakdown structure. As employees charge time to projects, you can also see actual job-to-date hours related to resource assignments.

Resource Management applications are integrated with project planning capabilities in the Projects hub, but Resource Management can also be used alone, as a staffing tool.

You do not need the Accounting or CRM application to use Resource Management.

### Resource View

Resource View is designed as the center of activity for those who approach planning from a resource management perspective. The normal workflow in Resource View starts with, and focuses on, your resources, either individually or in groups.

In Resource View, you can do the following:

- **Search for and select the employees and generic resources you want to work on, based on one or a combination of attributes.** For example, you might search based on the need for specific skills, education and training, or professional credentials.

  If you create a search that you will want to use again, you can save it so you do not need to specify the search parameters again. And DPS comes with some standard saved searches: All Resources, All Employees (excludes generic resources), Generic Resources (excludes employees), Employees I Supervise (employees for whom you are

the supervisor), and Resources in My Organization (employees and generic resources assigned to the same organization you are assigned to as an employee).

- **"Pin" selected resources while you run additional searches.** If you need to do multiple searches to assemble the group of resources you want, you can "pin" those you want to retain from one search while you do subsequent searches. DPS saves all pinned resources so you can easily retrieve them later.
- **Click an employee name to view extensive information about the employee on his or her Employee Card.** Along with basic profile information, Employee Card displays an employee's skills and credentials; all of the employee's assignments that have planned hours remaining; and a list of the employee's current and past projects with a summary of the actual job-to-date (JTD) hours the employee has charged to those projects.
- **Assemble a team of resources that you want to plan for as a group (a project management team, for example).** After you select the resources in the Resource View grid, you can save them as a saved search so you can easily display them in Resource View in the future.
- **Review a resource's current and future assignments in the Resource View grid.** When you display a resource in the grid, you can expand the resource row to display the projects and lower-level work breakdown structure (WBS) elements to which the resource is assigned. For each WBS element, you can see the resource's planned hours for that element broken down into the calendar periods you have specified for the grid. Hours roll up from the assignment-level WBS elements to higher WBS levels.
- **Evaluate an employee's current and future capacity.** In addition to planned hours, you can also display the following, by calendar period, to help you assess an employee's current and future workload:
  - **Schedule percentage:** Planned hours for the calendar period / Total available hours for the calendar period. Cell background color indicates schedule status: gray (properly scheduled), yellow (under-scheduled), red (over-scheduled).
  - **Utilization percentage:** Billable planned hours for the calendar period / Total available hours for the calendar period. (Billable hours are hours planned for projects that are assigned the Regular charge type.) Cell background color indicates utilization status: gray (properly utilized), yellow (under-utilized), red (over-utilized).

  On the Resource Settings tab of the Resource Planning Settings form, you define the thresholds that determine whether a given schedule percentage or utilization percentage is over or under the desired range.
- **Assign resources to work on current projects or prospective projects (opportunities).** You can select a single resource in the Resource View grid to assign that resource to work on a project or you can select multiple resources and work with them as a group as you add assignments. If you set up plan structures for opportunities, you can assign resources to them in Resource View, just as you do for projects.

  In addition to resources that you assign using the planning grids, employees with no planned hours but with actual JTD hours charged to a WBS element are assigned automatically as resources and display in the grids as well, immediately ready for you to plan their participation on the project.
- **Assign generic resources as placeholders while you work on your resource plan.** Resource planners may not know initially which employees will staff a project, particularly prospective projects. Generic resources enable a planner to assign a placeholder for a

type of employee without having to select an actual person, while they determine whether to fill staffing needs with existing employees or to hire new staff for the project. To implement the option to use generic resources, define the resources on the Generic Resources form in the desktop application (**Settings** » **Resource Planning** » **Generic Resources**) and link each of them to a labor category or labor code so that DPS can calculate planned amounts for them.

- **Enter planned hours for individual assignments or enter summary hours for allocation to individual assignments.** After you assign an employee or generic resource to one or more WBS elements for a project or an opportunity, you can use the Resource View grid to enter planned hours for that resource:
  - Use the calendar period columns to enter planned hours for a resource assignment for specific days, weeks, or months. You can enter hours for any WBS element to which the resource is assigned and at any level of the tree structure. If you enter hours in a calendar period column at a level of the WBS other than the lowest level, DPS automatically allocates those hours to lower-level elements.
  - An alternative to entering planned hours calendar period by calendar period is to enter the sum of hours for a range of dates (for example, the entire assignment date range), let DPS allocate those hours across the calendar periods, and then make any necessary changes to fine tune the plan.
- **Soft book or hard book assignments.** When you set up DPS, you can turn on the option to designate resource assignments as "soft" (tentative) or "hard" (confirmed or approved). This feature enables you to distinguish between preliminary or placeholder resource assignments and those assignments that you consider a permanent part of the plan. When you generate planning reports, you can filter those reports to include or exclude assignments based on booking status. Through DPS security, you control which users are allowed to hard book assignments.
- **Adjust plans.** If you enter assignments for resources and later need to make changes you can do any of the following in either Project View or Resource View:
  - Add or delete assignments.
  - Change or remove planned hours for calendar periods.
  - Reschedule assignments or plans. You can choose to shift dates while preserving the same number of working days, or you can change the duration of an assignment or plan.
  - Reassign an assignment, or part of an assignment, from one resource to another (for example, from a generic resource to an employee).
- **Manipulate the Resource View grid to get exactly the view you want.** As you work in Resource View, you can do the following to set up the grid in a way that works best for you:
  - Using the Change Forecast Period dialog box, you can specify the number of calendar period columns in the Resource View grid, the duration of each period (day, week, or month), and the starting period.
  - The middle section of the grid can contain any of a variety of summary data columns (for example, **Total Planned Hours** or **Total ETC Hours**) and date columns (for example, **Assignment Start** and **Assignment End**). In the Column Settings & Selections dialog box, you select the columns you want to see in the middle grid

section. You can also easily hide that section when you want to provide more space to view calendar period columns.

- Also in the Column Settings & Selections dialog box, you can select options for grouping the grid rows (by organization, for example) and options for sorting both resource rows within the grid and the project rows under each resource.

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### Project View

Though Resource View and Project View share the same planning data and many of the same capabilities, they provide different ways of working with data. Project View is designed with the project manager in mind, and with projects and opportunities as the focus.

In Project View, you can plan resources for both projects and opportunities. In the interest of brevity, however, the remainder of this topic only refers to projects. Unless otherwise noted, those references also apply to opportunities.

In Project View, you can:

- **Search for and select the projects that you want to work on based on one or more attributes.** For example, you might search based on primary client, project manager, or project type. If you create a search that you want to use again, save it so that you do not need to specify the search parameters again. DPS comes with some standard saved searches: Active (all active projects), All (all projects regardless of status), Projects I Manage (projects for which you are the project manager), and Organization (projects assigned to the same organization that you, as an employee, are assigned to).
- **Review planned hours for the full life of the project and at any work breakdown structure level.** Resource View is almost entirely forward-looking; it only displays calendar period hours for the current and any future periods. Project View, in contrast, gives you the option, for a project that is underway, to display planned hours by calendar period for the life of the project, for past periods as well as current and future periods.

  When you display a project in the grid, you can expand the work breakdown structure to display the lower-level work breakdown structure elements and, at the lowest level, the resource assignments themselves. For each resource, you can see the planned hours for the work breakdown structure element broken down into the calendar periods that you have specified for the grid. The hours for each calendar period roll up from the resource level to each of the work breakdown structure levels.
- **Click an employee name to view extensive information about the employee on his or her Employee Card.** When you drill down to the resource level in the Project View grid, the employee's name is a link to his or her Employee Card, as it is in Resource View. Along with basic profile information, the Employee Card displays an employee's skills and credentials; all of the employee's assignments that have planned hours remaining; and a list of the employee's current and past projects with a summary of the actual job-to-date hours the employee has charged to those projects.
- **Assign resources to work on your projects.** In the Assign Resources to Project dialog box, select one or more resources, locate one or more lowest-level work breakdown structure elements to which you want to assign those resources, and click **+** next to each of the selected work breakdown structure elements to make the assignments. Repeat those steps as many times as necessary, without closing the dialog box, to specify all of the assignments, and then click **Assign** to finalize them all at once.

In addition to resources that you assign using the planning grids, employees with no planned hours but with actual job-to-date hours charged to a work breakdown structure element are assigned automatically as resources and display in the grids so that you can plan their participation on the project.

- **Enter planned hours for individual assignments or enter summary hours for allocation to individual assignments.** After you assign employees or generic resources to one or more work breakdown structure elements for a project, use the Project View grid to enter planned hours for those assignments:
  - Use the calendar period columns to enter planned hours for a resource assignment for specific days, weeks, or months. You can enter hours at the resource level or for any work breakdown structure element to which the resource is assigned at any level of the tree structure. If you enter hours in a calendar period column at a level of the work breakdown structure rather than at the resource level, DPS automatically allocates those hours to lower-level elements and to resources.
  - An alternative to entering planned hours calendar period by calendar period is to enter the sum of hours for a range of dates, let DPS allocate those hours across the calendar periods, and then make any necessary changes to fine-tune the plan.
- **Soft book or hard book assignments.** You can designate resource assignments as "soft" (tentative) or "hard" (confirmed or approved) to distinguish between tentative or placeholder resource assignments and those confirmed or approved assignments that you consider a permanent part of the plan. When you generate planning reports, you can filter reports to include or exclude assignments based on booking status. Use DPS security to control which users are allowed to hard book assignments.
- **Enter notes for a work breakdown structure element in a plan.** You can enter notes for any work breakdown structure element at any level of the structure. To enter or review notes for a work breakdown structure element in a plan, either click on the work breakdown structure element's grid row if no notes exist for the element or click if notes already exist.
- **Move plans from opportunities to projects.** If you do resource planning for an opportunity, are awarded the contract, and set up the project in DPS, you can move all or part of the plan that you set up for the opportunity into the project plan. First inactivate or close the opportunity. DPS displays a prompt with a link to display the opportunity plan in Project View and gives you the option to delete the plan or move it. Select the portions of the opportunity plan work breakdown structure that you want to move into the project plan. IThe move includes assignment start and end dates and all planned hours.
- **Adjust plans.** If you enter assignments for resources and later need to make changes, you can:
  - Add or delete assignments.
  - Change or remove planned hours for individual calendar periods.
  - Reschedule assignments or plans. Shift dates while preserving the same number of working days or change the duration of an assignment or plan.
  - Reassign an assignment, or part of an assignment, from one resource to another (for example, from a generic resource to an employee).
- **Change the Project View grid to get exactly the view you want.** Set up the grid in a way that works best for you:

- Use the Change Scale dialog box to specify the duration of each calendar period in the grid: week, month, or a combination of days and months. This last option displays plan data by day for one or two months, with the rest of the project plan displayed by month. If you select this option, specify the month or months for which you want to display plan data by day.
- The middle section of the grid can contain any of a variety of summary data columns (for example, **Total Planned Hours** or **Total ETC Hours**) and date columns (for example, **Assignment Start** and **Assignment End**). Use the Column Settings & Selections dialog box to select the columns that you want to see in that section. You can also hide the middle section when you want to provide more space to view calendar period columns.
- Use the Column Settings & Selections dialog box to indicate whether you want to sort resources in the grid based on name or on assignment start date.

## Opportunity Planning

Project managers can begin labor planning for opportunities even before the contract is awarded and a formal project is set up. Once the project is created for a new contract, they can copy all or selected portions of the opportunity plan to the project plan.

This is true if you have activated the Resource Planning application, whether or not you have activated the CRM or Accounting application.

When an opportunity is created, a plan is also automatically created for it. If you want to do resource planning for the opportunity, use the Opportunity Plan Structure application in Resource Management to set up a work breakdown structure for it.

- If you have activated the CRM application, you add and edit opportunities in the Opportunities hub, and only use Opportunity Plan Structure to create the work breakdown structure for the plan.
- If you have not activated the CRM application, you also use the Opportunity Plan Structure application to add opportunity records.

You have two options for setting up the plan structure for an opportunity:

- Set up each of the levels and each element in the structure, one by one.
- Copy the plan structure from another opportunity or from a project, and then make any needed modifications to that structure.

After you set up and save the opportunity plan structure, use Project View or Resource View to assign resources to it and enter planned hours.

If you are awarded the contract for the opportunity, you can transfer all or part of the opportunity plan to the project plan when you create the project in the Projects hub or, after you set up the project, in Project View.

## Planning Reports

DPS planning reports offer multiple views of your project plans and employee assignments. Project managers, team leaders, and other managers in your enterprise can use these reports to review historical, forecast, and performance data by project plan or by resource.

- **Labor Resource Forecast**: Use this report to review forecasted hours, costs, and billing amounts by project plan, employee, and labor category. You can use this report to review

project assignments and determine if you need to make any adjustments in resource utilization.

- **Labor Resource Planned/Actuals**: Use this report to review both planned and actual labor hours for projects. You might do this to determine if projects are on target, to understand the reasons why or why not, and to improve performance on similar projects in the future.
- **Project Planning Analysis**: Use this report to compare job-to-date actuals (hours and amounts) with planned and estimate-to-complete hours and amounts.
- **Project Planning Performance**: Use this report to review project plan schedules and all aspects of plan performance, including history, forecasts, hours, costs, and profitability.
- **Project Planning Schedule**: Use this report to review project plan schedules. The schedules are presented in Gantt Chart format and display by the work breakdown structure levels set up for the plan.
- **Resource Utilization by Organization**: Use this report to review employee utilization data.

# Accounting

Use the DPS Accounting application to manage the day-to-day financial activity of your enterprise. You can also generate reports that help you assess project and enterprise-wide financial performance.

The general ledger is the core of DPS Accounting. The Accounting application also includes a number of subsidiary ledgers (called subledgers) for items such as accounts receivable, employee advances and expenses, and accounts payable. All entries that are posted to these subledgers also affect the general ledger. For example, when an invoice posted in the accounts receivable subledger turns into cash when it is paid, the transaction is posted to the appropriate general ledger accounts as well as to the accounts receivable subledgers.

The Accounting application includes a chart of accounts, which you use when you enter and track your accounting transactions. The Accounting application is integrated with other DPS applications so that you can budget, manage, and monitor all of your critical financial data, including revenue, expenses, and overhead.

Accounting data from posted transactions automatically flows to your project records and reports, allowing you to assess the financial impact of your transactions on project budgets and performance.

## General Accounting Concepts

After you establish your chart of accounts, you can add accounts and process accounting transactions.

### Chart of Accounts

The basis of any accounting system is a chart of accounts, a list of general ledger accounts organized into categories. When you install DPS, you have access to a standard chart of accounts, which you can modify to suit the needs of your enterprise.

You can:

- Define account numbers

- Specify account ranges
- Add accounts
- Delete accounts
- Establish opening balances for each account that you plan to use

Set up your chart of accounts in **Settings** > **Accounting** > **Chart of Accounts**.

As you use DPS, you enter and post transaction data that affects your account balances. Transaction processing types that affect your account balances include:

- Timesheets
- Expense reports
- Invoices
- Cash receipts and disbursements
- Journal entries
- Accounts payable vouchers and disbursements

With the data that you enter and post, you can generate a variety of reports that show the financial status of your enterprise. These reports include standard financial statements, such as a Balance Sheet and Income Statement, and supplemental reports and transaction logs. Some of these reports are designed to help accounting staff track the transactions you post. Other reports are designed to help senior management analyze the performance of the enterprise as a whole.

### Account Ranges

The standard chart of accounts that comes with DPS is designed to meet most firm's accounting needs. The standard chart of accounts includes a set of predefined accounts, grouped together by type within numerical ranges. You can use the standard chart of accounts with its default settings or modify it to meet your firm's needs.

| Account Type | Numerical Range | Description |
|---|---|---|
| **Assets** | 100.00 - 199.99 | Assets are those things of value owned by your firm. Asset accounts include checking and savings, accounts receivable, and fixed asset accounts. |
| **Liabilities** | 200.00 - 299.99 | Liabilities are amounts owed by your firm. Liability accounts include accounts payable, salaries payable, and income taxes payable. |
| **Net Worth** | 300.00 - 399.99 | Net worth (owner's equity) is the total value of your ownership rights to your firm's assets after deducting your firm's total liabilities. Net worth accounts include capital, retained earnings, and current year's profit and loss. |
| **Revenue** | 400.00 - 499.99 | Revenue is the flow of cash into your firm. Revenue accounts include billed |

| Account Type | Numerical Range | Description |
|---|---|---|
| | | and unbilled fees, reimbursable consultant revenue, and reimbursable expense revenue. |
| **Reimbursable Expenses** | 500.00 - 599.99 | Reimbursable expenses are project-related costs incurred by your firm that will be paid by your clients. Reimbursable expenses are associated with revenue producing projects. Reimbursable expense accounts include consultant expense, travel expense, and reproduction expense. |
| **Direct Expenses** | 600.00 - 699.99 | Direct expenses are project-related costs incurred by your firm for which you are not reimbursed by your clients. Direct expenses are associated with revenue producing projects. These expenses may be part of negotiated fees or beyond the scope of the contract. Direct expense accounts include direct labor, consultant expense, and travel expense. |
| **Indirect Expenses** | 700.00 - 799.99 | Indirect expenses are overhead costs incurred by your firm. Indirect expenses are associated with overhead or promotional projects. Indirect expense accounts include indirect labor, employee benefits, and rent. |
| **Other Miscellaneous Revenue and Expenses** | 800.00 - 999.99 | There are no predefined miscellaneous revenue and expenses accounts. Use the accounts in this range for "below the line" revenue and expense, such as rental income. |

### Are Account Balances Debits or Credits

For each type of account, the balance is either a debit or a credit. When you post a transaction, the debit or credit amount increases or decreases.

| Account Type | Balance | Post Debit | Post Credit |
|---|---|---|---|
| **Assets** | Debit | Increase | Decrease |
| **Liabilities** | Credit | Decrease | Increase |
| **Net Worth** | Credit | Decrease | Increase |
| **Revenue** | Credit | Decrease | Increase |
| **Expenses** | Debit | Increase | Decrease |

## Account Groups

In DPS, you establish account groups so that you can group related accounts on your general ledger reports. If you group related accounts under a single account group name, you can more easily identify and review account information.

For example, you can group all of your employee benefit liability accounts under the label **Employee Benefits**. This gives you two display options for employee benefit account information when you generate a report:

- You can display each benefit account separately under the label **Employee Benefits**.
- You can display one consolidated entry for all employee benefit accounts, under the label **Employee Benefits**.

You establish account group names and account group tables in **Settings** » **Accounting** » **Chart of Accounts** in the browser application.

### Account Group Names

Use **Settings** » **Advanced Accounting** » **Account Group Names** in the desktop application to:

- Establish names for your account groups. Account group names are the labels that display on reports.
- Associate each account name with an account category you define, such as Assets or Liabilities.

You must establish account group names before you can set up account group tables. DPS uses this set of account group names for all of the account group tables that you create.

### Account Group Tables

Use **Settings** » **Advanced Accounting** » **Account Group Tables** in the desktop application to set up as many account group tables as you need. Each table provides a way to group accounts on your General Ledger reports. You can use different tables to generate different versions of the standard financial reports.

Account group tables determine:

- The account or range of accounts associated with each account group.
- The order in which account groups appear on reports.

Your system administrator can specify a default account group table in **Settings** » **Advanced Accounting** » **System Settings**. This default account group table populates the first Group Table row in the Account Groups grid of the form at **Settings** » **Accounting** » **Chart of Accounts**.

## Account List

The Account List shows all of the account records currently set up in your database. You can use this information to verify account data or as a reference tool, particularly if you have modified the standard chart of accounts.

If you are using cash-basis reporting, the Account List also shows the cash-basis accounts specified for the corresponding accrual-basis accounts.

### Accounting Periods

You can set up accounting periods in DPS based on your firm's accounting cycles and fiscal reporting requirements.

When you implement DPS, you use the **Utilities** » **Period Setup** utility to establish accounting periods for your firm. You can:

- Establish the number of accounting periods per year.
- Change the start or end dates for each accounting period.
- Close and re-open accounting periods.

You can enter between 1 and 99 accounting periods.

Firms typically use either:

- 12 accounting periods per year, if they have a monthly accounting processing cycle.
- 13 accounting periods per year, if they have four weeks in an accounting processing cycle.

Each time you log on to DPS, you are prompted to select an accounting period. In general, you should enter and post all transaction data in the current period. However, you can set up DPS to allow multi-period processing.

### Multi-period Processing

You can process information and review reports in multiple accounting periods at one time.

For example, you may need to post timesheets and process payroll in a new accounting period before you have completed processing all of your financial statements for the preceding period. Some enterprises perform multi-period processing only at year end, when they need extra time to close the prior fiscal year, but also need to keep up with current activity.

Each time that you process any accounting transactions, such as data entry transactions, accounts payable payments, revenue generation, or final bills, DPS stamps the file with the fiscal period and year in which it was posted. All posting and processing updates occur in the period in which you are performing the task. The dates in the posting file or processing run do not determine which period is affected.

Each time that you log on to DPS, you can choose the accounting period in which to process or review data. As you work, you can change from one period to another. You can also set up DPS to open in the current period whenever you log in. Your security settings determine whether you may open or close periods and whether you can process or review information in prior or closed periods.

### Open a New Period

To open a new accounting period, use **Utilities** » **Period Setup**. This utility lets you modify both accounting and fiscal periods. When you open a new period, the current period becomes the prior period.

### Close a Period

To close a period, use **Utilities** » **Period Setup**. You do not have to close a period, but it is a good practice to do so after you process all data and print all reports for the period.

## Accounting Transactions and the Transaction Center

Use the Transaction Center to record daily accounting activity.

Use the Transaction Center to enter and post various accounting transactions. Accounting data from posted transactions automatically flows to the chart of accounts, the appropriate subsidiary ledgers, and project records and reports.

### Transaction Types

Many transaction processing types are available in the Transaction Center. Each transaction type generates postings to the general ledger.

Some postings are explicit, meaning that the person who enters the transaction specifies the account that receives the posting. Other postings are implicit, meaning that DPS determines the account that receives the posting.

| Transaction Type | Purpose | Posting Account — Debit | Posting Account — Credit |
|---|---|---|---|
| **AP Disbursements** | Enter details for accounts payable disbursements. | **Explicit**<br>Expense account specified in Transaction Entry. | **Implicit**<br>Asset account associated with the bank code specified in Transaction Entry. |
| **AP Vouchers** | Enter or edit details for accounts payable vouchers. | **Explicit**<br>Expense account specified in Transaction Entry. | **Implicit**<br>Accounts payable account associated with the vendor liability code. |
| **Cash Disbursements** | Enter the payments that you write from your cash accounts. | **Explicit**<br>Expense account specified in Transaction Entry. | **Implicit**<br>Asset account associated with the bank code specified in Transaction Entry. |
| **Cash Receipts** | Enter the deposits that you make to your cash accounts. | **Implicit**<br>Asset account associated with the bank code specified in Transaction Entry. | **Explicit**<br>Accounts receivable account specified in Transaction Entry. |
| **Employee Expenses** | Enter employee travel and meal expenses or any other expenses incurred for business purposes. | **Explicit**<br>Expense account specified in Transaction Entry. | **Implicit**<br>Employee expense credit (expense) account specified on the Posting tab of **Settings** » |

| Transaction Type | Purpose | Posting Account — Debit | Posting Account — Credit |
|---|---|---|---|
| | | | **Accounting** » **Company**.. . |
| **Employee Repayments** | Enter repayments that an employee makes to the enterprise when the employee does not use the full amount of an expense advance. | **Explicit**<br>Asset account associated with the bank code specified in Transaction Entry. | **Implicit**<br>Employee advance account specified on the Posting tab of **Settings** » **Accounting** » **Company**. . |
| **Invoices** | Enter bills that you have sent to clients. | **Implicit**<br>Accounts receivable account mapped on the Invoice Mapping Accounts tab in **Settings** » **Accounting** » **Accounts Receivable**.. | **Explicit**<br>Revenue account specified on the Invoice Mapping Accounts tab in **Settings** » **Accounting** » **Accounts Receivable**.. |
| **Journal Entries** | Enter non-cash transactions and reclassify posted transaction amounts. Use journal entries to enter payroll, withholding, and benefit accrual data (if you are not using the DPS Payroll application) and to depreciate assets and redistribute expenses. | **Explicit**<br>Account specified in Transaction Entry. | **Explicit**<br>Account specified in Transaction Entry. |
| **Labor Adjustments** | Enter corrections to labor charges that have already been posted to the database. | **Implicit**<br>Direct expense account debited for original transaction (direct labor).<br>Indirect expense account debited for original transaction (indirect labor). | **Implicit**<br>Labor credit account (job cost variance). |
| **Miscellaneous Expenses** | Enter expenses that do not fit into another expense category, including telephone, | **Explicit** | **Implicit**<br>Miscellaneous credit (expense) account on |

| Transaction Type | Purpose | Posting Account — Debit | Posting Account — Credit |
|---|---|---|---|
| | postage and shipping, CAD, models, and photography. This transaction type is designed to take previously costed overhead items and distribute their cost to revenue-producing projects. | Expense account specified in Transaction Entry. | the Posting tab of **Settings** » **Accounting** » **Company**. . |
| **Prints and Reproductions** | Enter expenses related to printing and photocopying. | **Explicit**<br>Expense account specified in Transaction Entry. | **Implicit**<br>Reproductions credit (expense) account on the Posting tab of **Settings** » **Accounting** » **Company**.. . |
| **Timesheets** | Enter employee labor charges. | **Implicit**<br>Direct expense account (direct labor) specified in Accounting Settings.<br>Indirect expense account (indirect labor) specified in Accounting Settings. | **Implicit**<br>Labor credit account (job cost variance) specified in Accounting Settings. |
| **Units** | Enter expense charges made using units. Units are goods or services that you cost and/or bill at a fixed rate. | **Explicit**<br>Expense account associated with the selected unit. | **Implicit**<br>Revenue account specified in unit table. |

### Transaction Type Codes

When you post a transaction file, DPS assigns a transaction type code to every transaction in the posted file. The codes help you identify transactions and offer a more secure audit trail.

These transaction type codes display on the Posting Log Review and Account Analysis reports.

| Type | Description |
|---|---|
| **AL** | Indicates one of the following types of transactions: a key conversion posting, the opening of a new period, the opening of a new W-2 quarter, the opening of a new absence accrual year, or the closing of a period |

| Type | Description |
|---|---|
| AP | Accounts payable voucher |
| AX | Converted accounts payable voucher detail line with no matching accounts payable entry |
| BA | Absence hours accrual or accrual adjustment |
| BE | Interactive billing expense transfer |
| BL | Interactive billing labor transfer |
| BU | Interactive billing unit transfer |
| CD | Cash disbursement |
| CE | Converted cash disbursement for an existing voucher transaction |
| CN | Converted consultant expense transaction |
| CP | Change project's profit center |
| CR | Cash receipt |
| CT | Converted transaction indicating when the conversion from a previous release was performed |
| CV | Accounts payable disbursement |
| EP | Employee advance or reimbursement |
| ER | Employee repayment |
| EX | Employee expense report, entered through Transaction Entry or Time and Expense application |
| HA | Account history |
| HB | Employee absence hours history |
| HE | Project expense history |
| HL | Project labor history |
| IH | Converted billing terms billed-to-date amount |
| IN | Invoice |
| IX | Converted invoice general ledger entry |
| JE | Journal entry |
| LA | Labor adjustment |
| MI | Miscellaneous expense |
| PG | Purged record |
| PP | Accounts payable payment processing |
| PR | Prints and reproduction expense |
| PX | Converted general ledger detail; accounts payable payment entries with no matching accounts payable entry |

| Type | Description |
|---|---|
| PY | Payroll processing posting |
| TS | Timesheet, entered through Transaction Entry or Time and Expense application |
| UN | Unit entry |
| XD | Converted account data, general ledger account activity |
| XE | Converted expense summary project expenses |

### Journal Entries

Use journal entry transactions to enter payroll, withholding, and absence accrual data, if you are not using the DPS Payroll application.

You can also use journal entry transactions to record non-cash transactions and reclassify posted transaction amounts, record depreciation of assets, and redistribute expenses.

It is very risky to use journal entries to move timesheet charges from one project to another; to make an entry that affects any accounts receivable, accounts payable, or current year's profit and loss account; or to adjust billed revenue. Using a journal entry transaction in these situations causes a file reconciliation issue. A file reconciliation issue (file rec) is a discrepancy between the sum of the detail for an account and the same account's balance in the general ledger.

#### Guidelines

When you enter journal entries, the following guidelines apply:

- You must specify both the debit and the credit for the transaction. No automatic postings occur when you post journal entries.
- If you are using the cash-basis reporting feature, you can record a journal entry as an accrual entry, a cash entry, or both.
- If you are using a journal entry to record unbilled revenue, you must make an offsetting entry to your Unbilled Services account.
- If you specify a Balance Sheet account in a journal entry transaction, you must enter a project number if you are using Organization reporting and maintaining separate balance sheets for your organizations.
- If you are entering a journal entry using a regular project number, you must enter a reimbursable or direct account in the **Account** field.
- If you are entering a journal entry using an overhead project number, you must enter an indirect account in the **Account** field.

### Units and Accounting Transactions

Units are goods or services, such as lab tests or survey crews, billed at a flat rate per item. Use a unit if, or example, you charge $90 per hour for a two-person survey crew, no matter who the two surveyors are and how much their labor costs.

Use the Units hub in the desktop application to set up units for your firm's recurring expenses. Typically, when you set up a unit, you specify its cost rate, billing rate, and credit project.

Once a unit has been defined in the Units hub, you can create a unit transaction, composed of a quantity and a rate, to bill labor and expense charges for recurring expenses.

Units are used to cost expenses, bill expenses, or both. They are similar to expenses posted through cash disbursements, journal entries, or accounts payable vouchers because they allow you to record and bill project expenses. They differ from these other transactions because when you bill a unit, you can show both a quantity and a rate on the invoice.

Units can be used to recover internal (overhead) expenses and charge them directly to the project, whether or not the expense is reimbursable. Assume, for example, that your enterprise performs a specific lab test and charges it to a project. Each test is considered one unit. The offsetting entry is a credit to an overhead account and project that helps you monitor the charge-out of lab tests.

#### Inventory Items

As part of setting up the DPS Inventory application, you identify inventory items in **Settings** » **Purchasing & Inventory** » **Items Master** in the desktop application.

Then you link each inventory item to a unit table and unit in **Hubs** » **Units**. A unit record can be linked to only one inventory item. When selecting a unit record, you must select a unit whose quantity matches the item's quantity as expressed in the item's unit of measure. It is easier to modify the unit table's unit of measure and billing rate than to change the inventory item's unit of measure, quantity, and cost.

- You can create a unit from an inventory item.
- You can link an inventory item to an existing unit record.
- Posting an inventory issue transaction creates a unit transaction. This type of unit transaction is not accessible from the Unit Transaction Center and can be viewed only in the posting log.
- The inventory issue transaction posting routine uses the inventory item's average actual cost and inventory common project.
- For inventory items, the offsetting entry is a credit to the item category's inventory amount and inventory common project.

### Transaction Entry and Posting

Use the Transaction Center to enter and post accounting transactions.

You can enter transactions daily, weekly, or whenever you have a number of transactions to process. How often you enter transactions depends on your accounting and reporting requirements and procedures.

After you enter transaction data, it becomes available for posting. When you post the transaction files created during Transaction Entry, you make the data a permanent part of your DPS database. You can then use this data for additional processing, such as overhead allocation and revenue generation, and for reporting.

You do not need to post transaction files each time that you enter data. If you have unposted transaction files, you can open them and add more data. For example, you may want to enter accounts payable vouchers daily, but post them weekly or biweekly. You can create an accounts payable vouchers transaction file for the selected period and open it daily to add new data. At the end of the period, you post the file, which contains all transactions for the period.

Because transaction data must be posted to be available for reporting, the financial data on reports is only as current as the most recent postings.

### Review Transaction List

You can review transaction data by printing a Transaction List report, which displays all transactions in a transaction file. You should print and review a Transaction List report prior to posting any transaction file to your database.

The Transaction List report provides you with a tool to check the validity of the data that you entered. Data is usually valid at the time of entry; however, there can be a gap between when transactions are entered and when they are posted. In this period of time, changes may be made to the database (for example, a project number that you referenced may be closed out), rendering transactions invalid.

### Review Posting Log

DPS produces a posting log each time that you post a transaction file. Use the Posting Log to review all information for a batch of transaction files posted to your database. You may find this information useful for tracking specific groups or types of transactions. You can print a posting log immediately after posting a transaction file or at a later date.

*Implicit and Explicit Postings*

Use the Transaction Center to post transaction files to your database. When you post transaction files, two types of posting activities are processed: explicit postings and implicit postings. Both posting types affect your general ledger accounts.

Generally, DPS posts one side of a general ledger entry explicitly and the other implicitly. An exception is journal entries, which require you to explicitly specify both the debit and credit entries.

### Explicit Postings

When you create a transaction file and enter a transaction into it, you supply the general ledger account that you want to debit or credit for the transaction amount. For example, when you enter an invoice, you identify the revenue account that should be credited for the invoiced amount when you post the invoice transaction file. When you post the transaction file, DPS debits or credits the accounts specified for each transaction in the transaction file.

## Implicit Postings

When you set up DPS, you specify the general ledger accounts that you want to debit or credit when you post different types of transactions. When you post transaction files, DPS debits or credits the appropriate accounts automatically, based on the type of transaction you are posting.

For example, you establish at least one automatic posting account for Accounts Receivable. When you post an invoice, DPS explicitly credits the revenue account that you specified in the transaction file and implicitly debits the Accounts Receivable automatic posting account.

### *Implicit Posting Accounts*

When you set up DPS, you specify which general ledger accounts to debit or credit automatically, or implicitly, when you post different types of transactions.

| Implicit Posting Account | Description |
|---|---|
| **Uninvoiced Revenue** | This account represents revenue earned, but not billed, as shown on the Income Statement.<br><br>When you run the revenue generation process, this account receives a credit for the total amount of project, phase, or task revenue. When you post invoices, this account receives a debit for the total amount billed by the invoices.<br><br>You define this account on the Revenue tab of **Settings** » **Accounting** » **Company**. |
| **Unbilled Services** | This account represents revenue earned, but not billed, as shown on the Balance Sheet, and serves as the offset entry for Uninvoiced Revenue.<br><br>When you run the revenue generation process, this account receives a debit for the total amount of project, phase, or task revenue. When you post invoices, this account receives a credit for the total amount billed by the invoices.<br><br>You define this account on the Revenue tab of **Settings** » **Accounting** » **Company**. |
| **Accounts Receivable** | When you post invoices, this account receives a debit for the total amount of the invoices.<br><br>You define this account on the Accounts tab of **Settings** » **Accounting** » **Company**.<br><br>You can set up invoice mapping accounts if you are maintaining multiple accounts receivable accounts. |
| **Current Year's Profit/ Loss** | This account does not receive postings. The balance in this account is recalculated each time that you generate a Balance Sheet.<br><br>You define this account on the Accounts tab of **Settings** » **Accounting** » **Company**. |

| Implicit Posting Account | Description |
|---|---|
| **Prior Year's Retained Earnings** | DPS calculates and posts earnings to this account when you initialize the Accounting application for a new processing year.<br>You define this account on the Accounts tab of **Settings** » **Accounting** » **Company**. |
| **Labor Expense Credit** | This account (also called the Job Cost Variance account) represents the difference between the amount of labor costed to projects and the amount paid to employees for that labor. This account can be an indirect expense account or a liability account.<br>When you post timesheets, this account receives a credit for the total labor cost amount. When you post payroll, this account receives a debit for the total payroll amount.<br>You define this account on the Posting tab of **Settings** » **Accounting** » **Company**. |
| **Miscellaneous Expense Credit** | This account receives the credit when you post a Miscellaneous Expense transaction.<br>You define this account on the Posting tab of **Settings** » **Accounting** » **Company**. |
| **Reproductions Expense Credit** | This account receives the credit when you post a Prints and Reproduction transaction.<br>You define this account on the Posting tab of **Settings** » **Accounting** » **Company**. |
| **Consultant Accrual Expense Credit** | This account receives the credit when you process Consultant Accruals.<br>You define this account on the Posting tab of **Settings** » **Accounting** » **Company**. |
| **Employee Expense Credit** | This account receives the credit when you post an Employee Expense transaction.<br>You define this account on the Posting tab of **Settings** » **Accounting** » **Company**. |
| **Employee Advance Credit** | This account receives the credit when you post an Employee Repayment transaction.<br>You define this account on the Posting tab of **Settings** » **Accounting** » **Company**. |
| **Cross Charge Credit Account** | This account receives the credit when you process a Labor Cross Charge. The credit is received by the employee's organization.<br>You must set up separate debit accounts for regular and overhead projects. |

| Implicit Posting Account | Description |
|---|---|
| | You define these accounts on the Cross Charge tab of **Settings** » **Accounting** » **Company**. |
| **Cross Charge Debit Account** | This account receives the debit when you process a Labor Cross Charge. The debit is received by the employee's organization.<br>You must set up separate debit accounts for regular and overhead projects.<br>You define these accounts on the Cross Charge tab of **Settings** » **Accounting** » **Company**. |
| **Labor Type - Direct Account** | You can set up multiple labor types. You can associate each labor type with a different direct account. This account receives the credit for total direct labor charges when you post employee timesheets.<br>You define these accounts in **Settings** » **Advanced Accounting** » **Labor Types**. |
| **Labor Type - Indirect Account** | You can set up multiple labor types. You can associate each labor type with a different indirect account. This account receives the credit for total indirect labor charges when you post employee timesheets.<br>You define these accounts in **Settings** » **Advanced Accounting** » **Labor Types**. |
| **Tax Code Credit Account** | You can set up multiple tax codes. You can associate each tax code with a different account, as needed. This account receives the credit when you process invoices, cash receipts, and journal entries using the associated tax code.<br>You define these accounts in **Settings** » **Accounting** » **Taxes**. |
| **Tax Code Debit Account** | You can set up multiple tax codes. You can associate each tax code with a different account, as needed. This account receives the debit when you process accounts payable vouchers, employee repayments, and employee expenses using the associated tax code.<br>You define these accounts in **Settings** » **Accounting** » **Taxes**. |
| **Bank Code** | You can set up multiple bank codes. Each bank code represents a different bank account maintained by your enterprise. You can associate each bank code with a different account, as needed. This account receives the credit or debit (depending on the transaction type, receipt or disbursement) when you process transaction files associated with the bank code.<br>You define these accounts in **Settings** » **Accounting** » **Banks**. |
| **Liability Code** | You can set up multiple liability codes and associate these codes with your vendor types. You can associate each liability code with a different account. This account receives the debit when you process accounts payable vouchers using the associated liability code. |

| Implicit Posting Account | Description |
|---|---|
| | You define these accounts on the Liability Codes tab of **Settings** » **Accounting** » **Company AP**. |
| **Discount Code** | You can set up multiple discount codes and associate these codes with your vendors. You can associate each discount code with a different account. This account receives the credit for the discounted amount when you process accounts payable vouchers using the associated discount code.<br>You define these accounts on the Discount Codes tab of **Settings** » **Accounting** » **Company AP**. |
| **Invoice Mapping Accounts** | You can link your invoice accounts to multiple accounts receivable accounts. When you post invoices, each of these accounts receives a debit for the total amount from the invoice accounts mapped to it.<br>You define these accounts on the Invoice Mapping Accounts tab of **Settings** » **Accounting** » **Accounts Receivable**. |
| **Salaries Payable Account** | If you are not posting net payroll directly to a bank, this account receives the credit for the net payroll amount (gross payroll minus withholdings) when you post payroll.<br>You define this account on the General tab of **Settings** » **Payroll** » **General**. |
| **Payroll Credit Accounts (FICA, Bonus Cost, Other Cost)** | These accounts receive debits during payroll processing.<br>▪ **FICA**: This account receives the debit for your enterprise's portion of FICA expenses.<br>▪ **Bonus Cost**: This account receives the debit for bonus payroll expenses.<br>▪ **Other Pay Cost**: This account receives the debit for other pay costs, such as payroll adjustments.<br>You define these accounts in **Settings** » **Payroll** » **General**. |
| **Withholding Codes Credit Accounts** | You can set up multiple withholding codes for payroll. You can associate each withholding code with a separate account. This account receives the credit for the amount of the withholding when you process payroll.<br>You define these accounts in **Settings** » **Payroll** » **Withholding Codes**. |
| **Expense Categories** | You can set up multiple expense categories for expense report processing. You can associate each expense category with a separate account. This account receives the debit for the amount charged to the expense category when you post employee expense reports.<br>You define these accounts in **Settings** » **Expense** » **Expense Categories**. |

*Recurring Transactions*

If you have transactions that recur each accounting period, with little or no difference in content, such as a journal entry for depreciation, you can create recurring transaction files to save time.

Unlike other transaction files, recurring transaction files are not deleted after they are posted. You can reselect a recurring file in Transaction Entry, change the dates, reverse the amounts, or edit it just as you can any other transaction file. You then resubmit it and make it available again for posting.

You can create recurring transaction files for all of the available transaction types in the Transaction Center.

To set up a transaction file as a recurring transaction file, select the **Recurring** option on the New File dialog box when you create the transaction file.

### Security Access to Transactions

Your system administrator uses Role Security to specify the types of transactions that a role can access, as well as the functions that the role can perform for each transaction type.

The Accounting tab of **Settings** » **Security** » **Roles** in the desktop application controls a role's access to each transaction type. You can select **Full Access to all Transaction Types**, which allows all access rights to all transaction types, or you can use the Transaction Type grid to select the types of transactions that the role can access, as well as the functions that they can perform when using the Transaction Center and related advanced utilities.

When assigning specific rights, you can select from:

- **Enter**: This setting lets a user create a new transaction file for the transaction type. The user can create records in transaction files, modify the contents of existing transaction files, set control totals, establish recurring transactions, delete transaction files, and unlock locked transaction files.
- **Report**: This setting lets a user create a transaction list report and see and print posting logs for the transaction type.
- **Post**: This setting lets a user post transaction files and print posting logs for the selected transaction type.
- **Company**: If you have multiple companies, a **Company** column displays. By default, this option is set to **<All>**, to provide access to all of the companies that this role has rights to. However, you can use the drop-down list in this column to limit the role's access rights to one specific company.

## Accounts Payable

Use the Accounts Payable application to perform payables-related processing and reporting.

- Enter and post accounts payable vouchers.
- Process payments.
- Produce accounts payable payments.
- Make vendor payments by electronic funds transfer (EFT).
- Create text (.txt) files that contain payment information.

- Review accounts payable vendor and voucher data.
- Process 1099 forms.

As you receive vendors' invoices, you enter the invoice data in accounts payable voucher files and post the files. Then you generate payments to pay your vendors. You can process payments for all approved vouchers, either as a batch or by manually selecting the vendors or vouchers to pay.

The Accounts Payable application includes:

- **Transaction Entry and Posting**: Use the Transaction Center to create, edit, and post accounts payable voucher and accounts payable disbursement files.
- **Vendor Review**: UseAccounts Payable Vendor Review to view and confirm vendor address and discount information and voucher details. You can also confirm that a payment was issued and see the payment date and number.
- **Payment Processing**: You can process payments either automatically (all vouchers due to be paid are automatically selected for payment) or process them manually (you individually select the vouchers to pay). When you process a payment, DPS records the voucher as being paid.
- **Electronic Funds Transfer**: When you process accounts payable payments, you can create electronic funds transfer (EFT) payments. Specify the file format used by your financial institution. Payments are made directly to your vendors' bank accounts; you do not produce a check for the payment. After you create EFT payments in AP Payment Processing, process them in **Accounting** » **Accounts Payable** » **EFT**.
- **Export to Text Files**: Use the Export to Text feature to create a text (.txt) file that contains payment information that is processed by a third-party software application. Use this feature if you must import payment information into banking software. Specify the file format in **Settings** » **Accounting** » **Banks**.
- **Create Voucher From Purchase Order**: You can create a voucher from a purchase order, if you use the DPS Purchasing application.
- **Form 1099 Processing**: You must provide a 1099 form at year-end to the consultants who work for you. The 1099 form shows the amount paid by your enterprise to the consultant. Use Form 1099 Processing to review and modify 1099 data and generate 1099 forms.

### Accounts Payable File Reconciliation Errors

A file reconciliation (file rec) error is a discrepancy between the sum of the detail for an account and the same account's balance in the general ledger. An accounts payable file reconciliation error occurs when the sum of the general ledger accounts set up as liability codes do not agree with the balance on the Voucher Schedule report.

To determine whether a file reconciliation error exists, run the File Reconciliation report. To run the report, select **Utilities** » **Utilities** » **File Reconciliation** in the desktop application.

If an accounts payable file reconciliation error exists, the amount displays in the **Accounts Payable** » **Difference** column on the File Reconciliation report.

#### Diagnose an Accounts Payable File Reconciliation Error

If a file reconciliation error occurs, perform these diagnostic steps:

- Verify that all of the balance sheet accounts that you are comparing are associated with a liability code on the Liability Codes tab of **Settings** » **Accounting** » **Company AP**.
- Determine the period in which the difference first appeared. To do this, open each prior period and compare the general ledger balances with the balances on the Voucher Schedule report.
- When you find the period in which the difference first appeared, run the Account Analysis report.
- Look for entries to your liability accounts that are not accounts payable voucher or payment processing transactions.

### Common Causes of Accounts Payable File Reconciliation Errors

Some common causes of file reconciliation errors are:

- Entering a journal entry in Transaction Entry that updates the general ledger, but does not update the Voucher Schedule.
- Entering a voucher in Accounts Payable History without entering the voucher amount in Account Balances History.
- Entering an amount in Account Balances History for a liability account without entering an offsetting voucher in Accounts Payable History.
- Entering an accounts payable voucher that debits a liability account associated with a liability code.
- Entering an accounts payable disbursement that debits a liability account associated with a liability code.
- Changing an existing voucher's liability code.

### Accounts Receivable

Use the Accounts Receivable application to process and report on invoices that you have sent to clients.

Create and post invoice transaction files in the Transaction Center. Then use **Accounting** » **Accounts Receivable** » **Invoice Review** to:

- Find out which of the projects for a client have outstanding invoices, and display data about them, including invoice totals, aging data, interest, and retainage if any.
- Read, add, edit, or delete comments about an outstanding invoice.
- Preview or print accounts receivable reports.

### Invoice Mapping

Use invoice mapping to direct the implicit posting of invoices to the appropriate accounts receivable accounts and map revenue account postings (entered through Invoice Transaction Entry or from Interactive Billing) to report columns on the Office Earnings report and/or Accounts Receivable Ledger. Use the Invoice Mapping in **Settings** » **Billing** » **Accounts Receivable**.

DPS matches the revenue account (for invoices, specified in Invoice Transaction Entry) and/or the posting account (for units, specified in Unit Transaction Entry) to an entry in the list of accounts that you define in invoice mapping.

- If DPS finds a match, it posts the accounts receivable transaction to the appropriate account and displays the amount in the appropriate column on the Office Earnings report and/or Accounts Receivable Ledger.
- If DPS finds no match, it uses the accounts receivable account specified in **Settings** » **Accounting** » **Company** and displays the amount in the **Other** column of the Accounts Receivable Ledger and/or the **Other Billed** column of the Office Earnings report.

### Accounts Receivable Mapping

Use the AR Mapping Accounts tab of **Settings** » **Billing** » **Accounts Receivable** to map accounts receivable accounts for cash receipts to the appropriate columns on the Accounts Receivable Ledger. By default, cash receipts are displayed as a total amount on the Accounts Receivable Ledger. To display cash receipt amounts by their components in the columns of this report, you must complete the information on this tab.

You should map your accounts if you have multiple accounts receivable accounts and the same account is mapped to different columns on the Invoice Mapping Accounts tab.

Because you can split revenue accounts into different columns, you must specify default columns for the accounts receivable accounts in the chart of accounts.

### Accounts Receivable Aging Alerts

Accounts Receivable Aging alerts can help you keep track of and manage your outstanding invoices. You can establish alerts to inform employees of events or tasks that need attention.

Set up Accounts Receivable Aging alerts that send messages to team members when the balance for a client, project, or invoice reaches an aging limit and is considered overdue. For example, set up an alert to inform project managers when invoices are 30 or 60 days old.

## Aging for Accounts Receivable

The age of an invoice is the number of days between the invoice date and the aging date.

### Invoice Date and Due Date

On some aging reports, such as the AR Aged report, you can substitute the due date for the invoice date to begin the invoice aging calculation.

Usually, the invoice date or due date used for aging is entered by the user who posts the invoice when the invoice is first issued.

When the invoice is first issued, the original invoice date and due date are the same for invoiced amounts at all work breakdown structure levels for which the invoice is posted. Changes that you make to the date or due date of a posted invoice and/or its retainage billing may impact the aging of the invoice, as described below.

### Aging Options for the AR Aged Report

To determine how aging occurs on the AR Aged report, use the **Aging Date** and **Age Using** settings on the General tab of the AR Aged Options dialog box for the AR Aged report (in **Reporting** » **Accounts Receivable**).

| Age Using Option | Description |
|---|---|
| **Invoice Date** | Select this option to calculate the age of an invoice as the difference between the invoice date and the aging date. |
| **Due Date** | Select this option to calculate the age of an invoice as the difference between the invoice due date and the aging date. If you select this option and the report includes invoices that do not have due dates, the invoices without due dates are aged using the invoice date.<br><br>When you age invoices by due date, an invoice is aged using the oldest due date among the outstanding (unpaid) invoiced amounts of all work breakdown structure levels for which the invoice was posted. |

### Invoice Review and Project Review

In the Invoice Review and Project Review applications, invoice aging uses the invoice date. You cannot use the due date.

### Aging Date

You typically enter the aging date for aging receivables when you run an aging report or view the aged invoices in Project Review or Invoice Review. If you do not enter an aging date, DPS uses today's date.

Select an aging date on the General tab of the AR Aged Options dialog box for the AR Aged report (in Reporting) and on the AR Options dialog box in the Invoice Review and Project Review applications.

| Aging Date Option | Description |
|---|---|
| **Today's Date** or **Current Date** | Receivables are aged based on the date on which the report is run. |
| **Period End Date** | Receivables are aged based on the last day of the active accounting period in which the report is run. |
| **Specific Date** | Receivables are aged based on the date that you select in the **Specific Date** field. |

### How Modifying the Invoice Date or Due Date for Existing Invoices Affects Aging

If you modify an invoice in Transaction Entry after the invoice is posted, a warning message displays, telling you that the invoice is already entered. When you modify an invoice amount, you usually use the same invoice date and due date as the date on the original invoice. However, you can modify the invoice **Date** or **Due Date** fields on the Invoices form in Transaction Entry. The modified dates that you enter are used for aging receivables.

If you modify only the tax section of an invoice in Transaction Entry, the invoice date and due date are not updated.

### When an Invoice Has Invoiced Amounts at Different Work Breakdown Structure Levels

If you want to change the invoice date and/or due date for a posted invoice in Transaction Entry, you must make the same date changes for invoiced amounts at all work breakdown structure levels to which the invoice was originally posted. If you do not, you will have multiple dates recorded for the invoice, which will affect the aging of the invoice. When there are different

invoice/due dates for invoiced amounts at different work breakdown structure levels of an invoice, the oldest invoice or due date determines the age of the invoice.

**Example:** Invoice number 123 was originally entered with invoice amounts posted to phase 1 and phase 2. The invoice date for the invoice is February 1. In April you modify phase 1 of the invoice in the Transaction Entry and change the date in the invoice **Date** field from **February 1** to **April 1**. After you post the modification to the invoice, invoice number 123 has two invoice dates: February 1 (for phase 2) and April 1 (for phase 1). The AR Aging report uses the oldest date (February 1) as the invoice date to calculate the aging of the invoice.

Use the AR Ledger report to help you identify all of the work breakdown structure levels of an invoice that you must change when you modify a posted invoice's invoice and/or due date.

Change the invoice date and/or due date for invoiced amounts at each work breakdown structure level of an invoice in Transaction Entry. You must enter each work breakdown structure level of the invoice separately in Transaction Entry and change the date on the Invoice form.

### How Retainage Billing Affects Aging

The date of a retainage invoice can affect invoice aging. The retainage invoice date is the date that you enter in the **Invoice Date** field on the Billing Session Options dialog box when you create a retainage invoice. The retainage invoice date is used to age an invoice only when the outstanding amount due for the invoice is less than or equal to the outstanding amount of retainage invoices. If the outstanding amount due for the invoice is greater than the outstanding amount of retainage invoices, the aging reports use the original invoice date because the client still owes an amount from the original invoice.

You may have an original invoice that is paid in full with retainage invoices at different work breakdown structure levels with different retainage invoice dates. In this scenario, the outstanding retainage invoice with the oldest retainage invoice date is used to age the invoice.

## Accounts Receivable File Reconciliation Errors

A file reconciliation (file rec) error is a discrepancy between the sum of the detail for an account and the same account's balance in the general ledger. An accounts receivable file reconciliation error occurs when the sum of the accounts receivable invoice mapping accounts does not agree with the balance (less interest amounts) on the AR Aged report.

Set up invoice mapping accounts on the Invoice Mapping Accounts tab of **Settings** » **Accounting** » **Accounts Receivable**.

To determine whether a file reconciliation error exists, run the File Reconciliation Report. To run the report, select **Utilities** » **File Reconciliation**.

If an accounts receivable file reconciliation error exists, the amount displays in the Difference column on the report.

### Diagnose an Accounts Receivable File Reconciliation Error

If a file reconciliation error occurs, perform these diagnostic steps:

- Verify that all the accounts receivable invoice mapping accounts are being added together in the general ledger.
- Verify that interest displays in the Accounts Receivable Ledger, but not the general ledger.

- Determine the period in which the difference first appeared, by going back into each prior period and comparing the general ledger balances with the balances on the AR Aged report.
- When you find the period in which the difference first appeared, run the Account Analysis report.
- Look for entries to your accounts receivable accounts that are not invoice (IN), cash receipt (CR), or conversion (IX, XD) transactions.

### Common Causes of Accounts Receivable File Reconciliation Errors

Some common causes of file reconciliation errors are:

- Entering a journal entry in Transaction Entry that updates the general ledger, but does not update the Accounts Receivable Ledger.
- Entering a cash receipt in Transaction Entry without an invoice or project number.
- Entering a receivable in Invoice and Receipt History without entering the receivable amount in Account Balances History.
- Entering an amount in Account Balances History for an accounts receivable account without entering the offsetting invoice and receipt history in Invoice and Receipt History.
- Changing or deleting accounts receivable invoice mapping accounts.

### Cash-basis Reporting

The DPS Accounting application is an accrual-based accounting system. However, you also have the option of tracking financial data on a cash basis by using the Cash-basis Reporting feature.

- In **accrual-based** accounting, revenue is recognized as it is earned (through invoices) and expenses are recognized as they are incurred (through accounts payable vouchers).
- In **cash-basis** accounting, revenue is recognized when cash is received (through cash receipts) and expenses are recognized when cash is disbursed (through accounts payable or cash disbursements).

With the Cash-basis Reporting feature, you set up and maintain a second, separate cash-basis general ledger.

Enable the Cash-basis Reporting feature on the Reporting tab of **Settings** » **Advanced Accounting** » **System**. Then add cash-basis accounts to the chart of accounts, enter balances for the cash-basis accounts, and map the cash-basis accounts to your accrual accounts.

DPS then posts revenue and expense transactions to both your accrual-basis general ledger and your cash-basis general ledger. You can generate cash-basis financial statements in parallel with accrual-basis financial statements.

DPS supports cash-basis versions of these reports:

- Balance Sheet
- Chart of Accounts List
- Income Statement
- General Ledger Account Analysis
- Cash Journal

### Considerations in Setting up Cash-basis Reporting

- Cash-basis Reporting can be set up at any time. It is best to enable Cash-basis Reporting at the beginning of a fiscal year so that you only need to translate Balance Sheet account balances, not Income Statement account balances, from an accrual to a cash basis.
- DPS begins to maintain cash-basis detail from the time that you enable Cash-basis Reporting and enter account history. For this reason, do not enable Cash-basis Reporting until you are ready to use it and have determined a cut-off date. The cut-off date is the date that Cash-basis Reporting is enabled, as well as the date on which cash-basis opening balances will be calculated.
- When you enable Cash-basis Reporting, it is enabled in all past and future periods. If you must make entries in a prior period and you do not want those entries to affect your current cash-basis account balance, you must turn off Cash-basis Reporting.

  Before you enable Cash-basis Reporting, you should close all prior periods and deselect the **Allow processing in closed periods** option on the Accounting tab of **Settings** » **Security** » **Roles** for all of your security roles. This ensures that your cash-basis account balances remain accurate.

#### Cash-basis Tax Reporting

While accrual-basis reporting provides the most effective method for analyzing profitability and other management results, many enterprises pay taxes on a cash basis. You may want to produce cash-basis reports for income tax purposes and simultaneously maintain accrual-basis reports for management control.

Taxable income is calculated as the difference between cash receipts from revenues and cash payments for expenses.

- If the cash-basis method is used, the tax amount paid is calculated based only on cash that has been received.
- If the accrual method is used, the tax amount paid is based on revenue earned, regardless of whether cash has been received.

The basic principle behind the tax reporting conversion is that accounts receivable, unbilled services, and accounts payable at the beginning of the fiscal year or accounting period are:

- Turned into cash transactions during the year or accounting period, or
- Remain reflected as accounts receivable, unbilled services, or accounts payable at the end of the year or accounting period.

The amounts by which these accounts change are the amounts needed to convert from the accrual basis to the cash basis.

#### Mapping Cash-basis Accounts

In both accrual and cash-basis accounting, any transaction that involves cash is considered a cash-basis transaction. However, the accrual-basis and cash-basis general ledger accounts to which offsetting entries are made for these transactions might not be the same.

For cash-basis reporting to work properly, you must map your cash-basis accounts to your accrual accounts in **Settings** » **Accounting** » **Chart of Accounts**. You need only map cash-basis

accounts to accrual accounts if you want your transactions to post to different accounts for cash-basis reporting purposes. If you are using the same account for both accrual and cash-basis postings, no mapping is necessary. For example, checking account 102.00 can be used for both accrual and cash-basis postings; there is no need to map account 102.00 to a separate cash-basis account.

### Considerations When Mapping Accounts

When mapping your accounts, consider the following:

- Each accrual account can be mapped to only one cash-basis account.
- To use cash-basis reporting optimally, you should implement the Accounts Payable application. When you use the Accounts Payable application, DPS automatically posts accounts payable disbursements on both an accrual and a cash-basis. In addition, when a payment is received, DPS automatically posts to the expense account entered on the accounts payable voucher. For this reason, there is no need to map the accounts payable liability accounts for cash-basis reporting.
- The status of the Salaries Payable cash-basis account (a liability account) depends largely on payroll and timesheet posting decisions.
- You must map your Accounts Receivable account to a revenue account for cash-basis reporting to work properly. After you set up your mapping accounts, when a cash receipt is entered to Accounts Receivable, revenue is updated on the cash-basis general ledger. If separate cash-basis revenue accounts (Fee Revenue, Reimbursable Revenue, Consultant Revenue) are required, then multiple Accounts Receivable accounts must be set up so that you can map each cash-basis revenue account to a separate Accounts Receivable account.

### Recommended Mapping Setup

To map accounts, open each accrual-basis account for which you have a corresponding cash-basis account and enter the cash-basis account number in the **Cash Basis Account** field.

The following table provides the recommended account mapping setup for cash-basis reporting. It refers to the account numbers in the standard DPS chart of accounts.

| Accrual-Basis | Cash-Basis |
|---|---|
| 111.00, 112.00, 113.00<br><br>Accounts Receivable Asset Accounts | 401.00<br><br>This is the Billed Fee Revenue account. |
| 210.00, 211.00, 212.00<br><br>Accounts Payable Liability Accounts | This is not applicable if the Accounts Payable application is installed. The account charged when cash is disbursed will be the same as the original account on the accounts payable vouchers.<br><br>If you do not have the Accounts Payable application installed, establish a separate cash-basis expense account: 631.00. |
| 231.00, 232.00, 233.00, 234.00, 236.00, 239.00 | 709.00<br><br>This is the user-defined or Other Labor Expense Account. |

| Accrual-Basis | Cash-Basis |
|---|---|
| Payroll Liability Accounts | |
| 703.00<br>Job Cost Variance | 709.00<br>This is the user-defined or Other Labor Expense Account. |

### Cash-basis Transaction Postings

When you use the Cash-basis Reporting feature, DPS posts transactions to both your accrual-basis and cash-basis general ledger accounts.

Some transactions affect only your accrual-basis accounts, while others affect both your accrual-basis and cash-basis accounts.

| Transaction | Posting Basis | Comments |
|---|---|---|
| **Accounts Payable Vouchers** | Accrual Only | Accounts payable vouchers record expense accruals and do not affect cash. |
| **Accounts Payable Vouchers — Adjustments** | Accrual Only | The transaction does not affect the cash-basis general ledger. If you have already paid the voucher, you must post a cash-basis journal entry. |
| **Accounts Payable Payments** | Accrual and Cash | On the accrual side, the expense has already been recorded with an accounts payable voucher. When you process the payment, a liability account is debited and a cash account is credited.<br>On the cash-basis side, the expense has not yet been recorded. When you process the payment, an expense account is debited and a cash account is credited.<br>▪ If you use the Accounts |

| Transaction | Posting Basis | Comments |
|---|---|---|
| | | Payable application, the posting maps to the expense account charged on the original accounts payable voucher.<br>▪ If you do not use the Accounts Payable application, you must establish a separate cash-basis expense account for cash-basis reporting to work properly. |
| **Cash Disbursements** | Accrual and Cash | An expense account is debited on both the accrual and cash-basis sides. This can be the same account or you can map to a different account for cash-basis reporting.<br>Both sides receive a credit to a cash account. |
| **Cash Receipts** | Accrual and Cash | A cash account is debited on both the accrual and cash-basis sides, and:<br>▪ The accrual side receives a debit to an accounts receivable account.<br>▪ The cash-basis side receives a |

| Transaction | Posting Basis | Comments |
|---|---|---|
| | | debit to a revenue account.<br><br>Generally, you must map your Accounts Receivable accounts to revenue accounts for cash-basis reporting to work properly. |
| **Expense Reports** | Accrual Only | Expense reports record expense accruals and do not affect cash. |
| **Invoices** | Accrual Only | Invoices record billed revenue. For cash-basis reporting, revenue is recorded only when cash is received. |
| **Journal Entries** | Accrual and/or Cash | When entering a journal entry transaction, you can choose to post the transaction as **Accrual**, **Cash**, or **Accrual and Cash**.<br><br>You can use a cash only journal entry to correct erroneous postings. |
| **Labor Adjustments** | Accrual Only | Cash-basis reports reflect labor expense before payroll is processed and paid, if you have selected the **Enable Cash-Basis Postings for Labor Transactions** option in the Posting section on the General tab of **Settings** » **Advanced Accounting** » **System**.<br><br>When you process labor adjustments with this option selected, DPS debits a labor account and credits the |

| Transaction | Posting Basis | Comments |
|---|---|---|
| | | job cost variance account in both your accrual and cash-basis general ledgers. |
| **Miscellaneous Expenses** | Accrual Only | You can use a cash-basis journal entry to record miscellaneous expenses. |
| **Overhead Allocation** | None | Overhead allocation does not affect your general ledger and, therefore, does not affect cash-basis accounting. |
| **Payroll** | Accrual Only, unless you have selected the option to post net payroll directly to your bank. | DPS makes postings to the cash-basis general ledger when payroll is posted, if you have selected the option to **Post net payroll directly to bank** on the General tab of **Settings** » **Payroll** » **General**. |
| **Print/Reproduction Expenses** | Accrual Only | You can use a cash-basis journal entry to record print/ reproduction expenses. |
| **Revenue Generation** | Accrual, except when you use revenue method R or define a cash-basis revenue method. | Revenue recognition records the accrual of earned revenue and has no effect on cash basis accounting, except for projects that use either revenue method R or a user-defined cash-basis method. |
| **Timesheets** | Accrual Only, unless you have selected the option to enable cash-basis postings for labor transactions. | Cash-basis reports reflect labor expenses before payroll is processed and paid, if you have selected the **Enable Cash-Basis Postings for Labor Transactions** option in the Posting section on |

| Transaction | Posting Basis | Comments |
|---|---|---|
| | | the General tab of **Settings** » **Advanced Accounting** » **System**.<br><br>When you process timesheets with this option selected, DPS debits a labor account and credits the job cost variance account on both the accrual and cash-basis sides. |
| **Units** | Accrual and Cash | You can use a cash-basis journal entry to record unit expenses. |
| **Void Payment** | Accrual and Cash | Voiding a payment results in a posting that is the reverse of the original posting.<br><br>**Void Cash Disbursement**: The cash account receives a debit. The expense accounts (accrual and cash-basis) that received the original debit receive a credit.<br><br>**Void Accounts Payable Disbursement**: The cash account receives a debit. The liability account (accrual) and the expense account (cash-basis) that received the original debit are credited.<br><br>**Void Accounts Payable Payment Processing**: The cash account receives a debit. The liability account (accrual) and the expense account (cash-basis) that received the original debit are credited. |

### Cash-basis Transaction Example

You may find it helpful to review an example of how a cash receipt is posted when you use the Cash-Basis Reporting feature.

Assume that you post a cash receipt file with payments totaling $10,996.81. On the accrual side, this transaction posts as a credit to account 111.00, AR - Clients. For cash-basis reporting purposes, you set up revenue account 401.00, Billed Fee Revenue, and mapped this account to account 111.00.

After you post the transaction, you run the Accrual General Ledger Posting Summary, which displays these amounts:

| Accrual General Ledger Posting Summary | Debits | Credits |
|---|---|---|
| BO:AR Boston Architecture | | |
| 111.00 - A/R - Clients | | 10,996.81 |
| Total for BO:AR | | 10,996.81 |
| | | |
| CO:00 Corporate Overhead | | |
| 101.00 - Checking Account | 10,996.81 | |
| Total for CO:00 | 10,996.81 | |
| Totals | 10,996.81 | 10,996.81 |

After you post the transaction, you run the Cash-Basis General Ledger Posting Summary, which displays these amounts:

| Cash-Basis General Ledger Posting Summary | Debits | Credits |
|---|---|---|
| BO:AR Boston Architecture | | |
| 401.00 - Billed Fee Revenue | | 10,996.81 |
| Total for BO:AR | | 10,996.81 |
| | | |
| CO:00 Corporate Overhead | | |
| 101.00 - Checking Account | 10,996.81 | |
| Total for CO:00 | 10,996.81 | |
| Totals | 10,996.81 | 10,996.81 |

### Cash-basis Reporting and Payroll Accounts

By default, timesheet postings are not cash entries. To include payroll postings in your cash-basis reporting general ledger, you must enable Cash-basis Reporting, then map payroll accrual accounts to cash-basis accounts.

- If you do not enable this option, the entire labor expense amount is posted to one overhead account (the cash-basis payroll expense account that you have mapped to the job cost variance account).
- If you enable this option, the labor expense amount is posted to separate accounts for direct and indirect labor, and separate accounts for labor types.

#### Mapping Payroll Accounts for Cash-basis Reporting

How you map your payroll accounts depends on how you want to manage payroll accounts in your cash-basis general ledger.

The following table provides you with details on mapping payroll accounts for cash-basis reporting purposes. It uses account numbers from the standard chart of accounts and refers to the following settings:

- **Post net payroll directly to bank** option on the General tab of **Settings** » **Payroll** » **General**.
- **Enable Cash-Basis Postings for Labor Transactions** option in the Posting section on the General tab of **Settings** » **Advanced Accounting** » **System**.

| Payroll Settings | Timesheet Settings | Comments |
|---|---|---|
| **Post net payroll directly to bank = ON** | **Enable Cash-Basis Postings for Labor Transactions = OFF** | ▪ DPS posts the net payroll amount to the cash account.<br>▪ Map the job cost variance account (703.00) to the cash-basis labor expense account (709.00).<br>▪ Do not map the payroll liability accounts to cash-basis accounts. The liability balances will clear as paid. |
| **Post net payroll directly to bank = OFF** | **Enable Cash-Basis Postings for Labor Transactions = OFF** | ▪ DPS makes no cash-basis posting for the payroll amount.<br>▪ You must enter a cash-only journal entry to record the payroll disbursement (debit labor expense account (709.00)).<br>▪ Map the payroll liability accounts and the job cost |

| Payroll Settings | Timesheet Settings | Comments |
|---|---|---|
| | | variance account (703.00) to the cash-basis labor expense account (709.00). |
| **Salaries Payable Account = Liability** | **Enable Cash-Basis Postings for Labor Transactions = OFF** | ▪ DPS makes no cash-basis posting for the payroll amount.<br>▪ You must enter a cash-only journal entry to record the payroll disbursement (debit labor expense account (709.00)).<br>▪ Map the payroll liability accounts and the job cost variance account (703.00) to the cash-basis labor expense account (709.00). |
| **Post net payroll directly to bank = ON** | **Enable Cash-Basis Postings for Labor Transactions = ON** | ▪ DPS posts the net payroll amount to the cash account, including the debit to the job cost variance account (703.00).<br>▪ The timesheet posting represents the labor expense as the total of the labor expense debits along with the job cost variance amount.<br>▪ Do not map the payroll liability accounts or the job cost variance account (703.00) to cash-basis accounts. The liability balances will clear as paid. |
| **Salaries Payable Account = Liability** | **Enable Cash-Basis Postings for Labor Transactions = ON** | ▪ DPS makes no cash-basis posting for the payroll amount.<br>▪ You must enter a cash-only journal entry to record the payroll disbursement (debit labor expense account (709.00)).<br>▪ The timesheet posting represents the labor expense |

| Payroll Settings | Timesheet Settings | Comments |
|---|---|---|
| | | as the total of the labor expense debits along with the job cost variance amount.<br>▪ Map all payroll liability accounts to the job cost variance account (703.00). Do not map 703.00 to 709.00. |
| Manual journal entry to record payroll disbursement | Enable Cash-Basis Postings for Labor Transactions = OFF | ▪ The journal entry can be posted to both the accrual and cash-basis general ledgers, or you can post cash-only amounts.<br>▪ If you do not use the DPS Payroll application, you need to complete a journal entry for both the accrual-basis and cash-basis general ledger.<br>The journal entry debits the job cost variance account and the employer portion of the FICA expense account on the accrual side, and debits the cash-basis labor expense account.<br>The journal entry credits the appropriate salaries payable and payroll liability accounts on the accrual side, and credits the mapped cash-basis accounts. |

### Corporate Budgeting Options

Use the General Ledger Budgeting tool to enter and track corporate budget data. Use corporate budgets to monitor the revenue and expense accounts in your general ledger.

Enter corporate budgets on an enterprise-wide basis and, if you are using the Organization Reporting application, associate each budget with a specific organization or profit center. Develop budgets at the beginning of each fiscal year for all of your Income Statement accounts. Review and revise your budgets as needed during the year.

Use the General Ledger Budgeting worksheet to complete any of the following actions:

- Create new budgets from scratch or create new budgets by copying and modifying existing budgets.
- Import accounts from the Income Statement, Balance Sheet, or another budget.

- Copy amounts and/or import amounts from the Income Statement, Balance Sheet, or another budget.
- Enter a reference budget amount. This allows you to adjust the annual amount while maintaining a record of the original annual amount.
- For accounts that have no variation in activity by period, distribute an annual budget amount evenly over a number of periods. For example, if you enter an annual amount of $12,000 for account 810.00, Rent Income, and you have specified 12 periods, DPS distributes $1,000 to each period.
- For accounts whose activity varies by period, distribute an annual budget amount on a period-by-period basis. For example, your enterprise may experience higher vacation expenses during the summer months. Therefore, you may choose to budget account 712.00, Vacation, on a period-by-period basis, with a higher budget for the summer months.
- Compound the annual budget. Distribute an annual amount incrementally (by percentage or amount) over each successive period specified. For example, if you enter an annual amount of $12,000 for account 773.00, Depreciation - Automobiles, and specify a compound rate of 10% over 12 periods, DPS calculates a base amount of $561 for the first period. Then it calculates the second period amount by increasing the amount in the first period by 10% ($561 + $56 = $617). Each successive period amount is increased in the same way. This allows you to more accurately budget accounts, such as depreciation accounts, that accrue at regular intervals each period.
- Adjust the annual budget. You can adjust the period amounts by a set amount or percentage for each period. For example, you may experience an increase in rental income halfway through the year. For account 810.00, Rent Income, you can enter a $100 adjustment amount for periods 7 through 12. The amounts in each of the periods 7 through 12 increase by $100.
- Consolidate multiple budgets. You can merge budget data from several budgets into a single budget. You may find this useful if you want to track budget data by organization, while still maintaining separate budgets for individual departments within each organization.
- Print budgets.
- Delete budgets.

### Accounting Reports

To help you manage your enterprise's financial information, you can produce various reports based on the data in your general ledger and subledger accounts. Some of these reports, such as the Balance Sheet, are standard accounting reports. Others provide DPS-specific information.

Taken together, these reports help you track and monitor your enterprise's financial performance for selected accounting periods and over time.

### General Ledger Reports

- **Account Analysis**: This report provides a detailed view of all general ledger activity during the current accounting period and acts as an audit trail of this activity. It displays account names and numbers, opening and closing balances for each account, and all transaction detail for each account. If the Account Analysis is detailed by organization or profit center,

it includes an opening balance, transaction detail, and a closing balance for each organization for which there is information.

- **Balance Sheet**: This standard accounting report shows the distribution of your enterprise's assets, liabilities, and net worth as of the current date. The Balance Sheet includes totals for assets, liabilities, and net worth, as well as a total for liabilities plus net worth. Total assets should equal total liabilities plus net worth. If these totals do not agree, the bottom of the report includes a tolerance line, showing the amount of the discrepancy. If you are using the Organization Reporting feature, you can maintain separate Balance Sheets by organization.
- **Income Statement**: This report provides a detailed statement of your revenue and expense account balances for the current period and year-to-date. DPS uses these balances to calculate your enterprise's current period and year-to-date operating profit/loss, which displays at the bottom of the report.
- **Profit Planning Monitor**: This report lets you monitor corporate budgets. It lists each of your enterprise's revenue and expense accounts. For each account, it shows the budgeted and actual amounts for the current period and year-to-date. It also shows totals for actual and budgeted revenue and expense and calculates actual and budgeted profit/loss.
- **Trial Balance**: This report shows the opening and closing balances for each of your general ledger accounts, as well as the total debits and credits for the accounts. Use this report to verify that your debits equal your credits.

### Accounting Reports

- **Accounting List**: This report lists all accounts, or any sub-group of accounts, from your chart of accounts.
- **Cash Flow Forecast**: Generally, cash flow consists of the inflow of revenue through accounts receivable and other income, and the outflow of funds through accounts payable generated from overhead, debt, and taxes. Use this report to analyze the inflow and outflow of cash to monitor changes in cash during an accounting period. Also use this report to determine whether sufficient funds are available from financing activities, to show funds generated from all sources, and to show how these funds are applied.
- **Cash Journal**: This report lists every cash receipt and disbursement posted, during the current accounting period or year-to-date, for each bank code selected.
- **Payment Register**: This report lists all payments processed during the current period. It shows payments created through cash disbursements, payroll (if your enterprise uses the DPS Payroll application), employee advance and expense processing, accounts payable disbursements, and accounts payable payment processing.
- **Labor Cross Charge**: This report is part of the Organization Reporting application. It tracks labor swaps between organizations, showing each labor transaction that results when an employee from one organization works on another organization's project.
- **Overhead Allocation**: This report shows the allocation of overhead to all regular projects as of the last time the overhead allocation process was run. The amount in the **Year-to-date Overhead** column on this report should match the total indirect expenses amount on your Income Statement.
- **Sales List**: This report shows all sales and associated taxes that occurred during a specific period, a range of periods, a range of dates, or on a year-to-date basis.

- **Tax Analysis**: This report shows purchases, sales, and associated taxes. You can also use it to review tax-related entries for employee expenses. You can list transactions that occurred during a specific period, a range of periods, a range of dates, or year-to-date.

### Accounts Payable Reports

- **Cash Requirements**: This report shows all outstanding accounts payable vouchers and their balances.
- **Cash Requirements Bank Summary**: This report shows a total amount for all vouchers for each bank code that has amounts posted during the current period.

  Use the Cash Requirements or Cash Requirements Bank Summary report to review cash requirements prior to Accounts Payable Payment Processing to determine the amounts scheduled for payment and the effect that making these payments will have on your cash accounts.
- **Vendor Summary**: This report provides detailed information for each of your vendors, including the vendor's name, number, and address information; 1099 requirements; billed and paid amounts for the current period, year-to-date, and vendor-to-date; and accounting information, such as the vendor's payment terms and discount codes.
- **Voucher Ledger**: This report provides you with historical information on all vouchers, including payments, adjustments, and voids for each voucher.
- **Voucher Schedule**: This report provides a projected payment schedule for outstanding vouchers. It shows each of your outstanding vouchers, when the voucher is scheduled for payment, and how long it will remain unpaid. It compares the aging date to the invoice date, payment date, or voucher date to determine the aging time frame. The amounts on this report should match the amounts in liability accounts on your Balance Sheet. Use this report to respond to inquiries from vendors and to monitor your cash flow.

### Accounts Receivable Reports

- **AR Aged**: This report shows, project by project, the total receivables due, the length of time receivables have been outstanding, and the date on which the last cash receipt was posted. You can also include a detail line for each invoice sent for the project. Use this report to determine when a client is delinquent in paying and to monitor your cash flow.
- **AR Comments**: This report lists comments entered for outstanding invoices.
- **AR Ledger**: This report lets you review your enterprise’s billing history. For each project, phase, or task, the report shows each invoice generated and all payments received. It also shows you the average collection period for all paid invoices.
- **AR Statement**: This report is the statement that you send to a client. You determine the aging periods to display in the statement, as well as the statement date and grace period. You can also display a comment on the statement.
- **Invoice Register**: Use this report to view the invoices posted during the current period through Invoice transaction entry or through the DPS Billing application.

## Labor and Accounting

Employees record time on timesheets, which are the basis for labor costing to projects. You can adjust hourly rates, set effective dates for rate changes in pay and cost rates, and set up labor cross charges.

### Timesheet Posting and Labor Distribution

Employees enter timesheets to charge labor to the projects on which they worked in a given timesheet period. When you post employee timesheets, DPS automatically posts those labor charges to the general ledger.

The following table is an example of the automatic postings made to your labor accounts.

| Account | Debit | Credit |
|---|---|---|
| Direct Labor – Principals | 3,000.00 | |
| Direct Labor – Employees | 3,536.00 | |
| Indirect Labor – Principals* | 706.00 | |
| Indirect Labor – Employees* | 1,390.00 | |
| Job Cost Variance | | 8,632.00 |
| **Totals** | **8,632.00** | **8,632.00** |

The first four automatic postings (debits) in the table represent the amounts costed to projects. These amounts are based on the hours that your employees charged and their job cost rates. To balance these debits, DPS automatically credits an equal amount to an indirect expense account, the Job Cost Variance account.

### Record Payroll Manually

If you use the DPS Payroll application, DPS enters payroll data In your general ledger when you post payroll transaction files.

If you use a different application to process your payroll, you must record payroll entries manually in the general ledger. Typically, you do this with a journal entry transaction.

You can create a journal entry to distribute the amount in the Job Cost Variance account to the appropriate salary and withholding accounts.

You can post time charged to Vacation, Sick, Holiday, and other overhead projects to separate indirect expense accounts. To use separate accounts, you must enter the accounts in **Settings** » **Advanced Accounting** » **Time Analysis**.

### Adjust Salaried Job Costing

Use the Adjust Salaried Job Costing feature to create an adjusted hourly job cost rate for each salaried employee, based on the employee's salaried pay rate and the actual hours that the employee works each pay period.

When an employee charges time to a project, DPS calculates labor costs using the job cost rate defined for the employee in the Employees hub. If the employee is paid hourly, the labor cost reflects the actual cost of the hours worked. If the employee is salaried, the employee may

charge time for which he or she is not paid, such as overtime. In this case, the labor charged to the project exceeds the amount actually paid to the employee.

The adjusted rate reflects the actual cost of the employee's labor and provides more accurate payroll costing for salaried employees.

This feature is typically used by enterprises who perform a lot of government work, because the government requires that projects be costed at actual rates rather than at standard rates.

### Timing

You should run the Adjust Salaried Job Costing process in synchronization with your payroll periods. If this is not possible, then you should run the Adjust Salaried Job Costing process more frequently than your payroll periods.

### Benefits

The Adjust Salaried Job Costing feature:

- Minimizes the amount in the Job Cost Variance account. If salaried job cost rates are equal to pay rates each pay period, there is no variance in this account.
- Requires employees to enter all hours worked on a project.
- Provides more accurate payroll costing.
- Allows all hours to be costed, even if overtime hours are entered with a zero cost rate.

### Considerations in Using Adjust Salaried Job Costing

The Adjust Salaried Job Costing feature:

- Causes job cost rates to fluctuate from period to period.
- Makes project budgeting more difficult.
- May lead to inaccurate reporting data.
- Results in revised timesheet posting logs and adjusted general ledger balances.

## Adjust Salaried Job Costing Calculations

When you use the Adjust Salaried Job Costing feature, DPS calculates an adjusted hourly job cost rate for each salaried employee.

### Job Cost Calculations When Timesheets are Posted

When you post a timesheet for a salaried employee, DPS calculates the standard hourly job cost rate using the following information:

- The employee's **Job Cost Rate** on the Accounting tab in **Hubs** » **Employees**.
- The employee's **Hours/Day** on the Employment Details tab in **Hubs** » **Employees**.
- The company's **Job Cost Frequency** on the Timesheet tab in **Settings** » **Accounting** » **Company**.

DPS performs the following calculations:

Standard Hourly Job Cost Rate = (Job Cost Rate / Job Cost Frequency in days) / Hours/day

or

Standard Hours = (Hours/day x 260) / Job Cost Frequency Per Year

Standard Hourly Job Cost Rate = Job Cost Rate / Standard Hours

Where:

- 260 = Number of work days in a year (52 weeks per year x 5 working days/week)
- Job Cost Frequency Per Year is one of the following:
  - Weekly = 52
  - Bi-weekly = 26
  - Semi-monthly = 24
  - Monthly = 12

The job cost amount is calculated by multiplying the actual hours worked, as entered on the timesheet, by the standard hourly job cost rate:

Job Cost Amount = Timesheet Hours x Standard Hourly Job Cost Rate

### Job Cost Calculations When You Run the Adjust Salaried Job Cost Process

When you run the Adjust Salaried Job Cost process, DPS first calculates the hourly job cost rate. It uses the employee's **Job Cost Rate** on the Accounting tab in **Hubs** » **Employees** and the hours entered on the timesheet.

Hourly Job Cost Rate = Job Cost Rate / Timesheet Hours

Then DPS calculates the job cost amount by multiplying the timesheet hours by the hourly job cost rate.

Job Cost Amount = Timesheet Hours x Hourly Job Cost Rate

To include overtime hours in Adjust Salaried Job Cost calculations, select the **Include overtime hours in job cost calculation** option on the Timesheets tab in **Settings** » **Accounting** » **Company**.

### Effective Dates for Cost and Pay Rates

Use effective dates to specify when a change will occur in the cost or pay rate associated with a labor rate, labor category, labor code, or labor override table.

The date on which a change will occur is the "effective date" of the change. You can use effective dates in the DPS Accounting, Payroll, and Billing applications. Effective dates are also known as date-based rates or a rate structure.

When you use effective dates, the detail dates on an employee's timesheet determine the rates that are applied to labor charges. You can schedule changes to occur on any date within a timesheet period. You can also specify changes in rates of different types to occur on different dates in the same timesheet period.

### Accounting and Payroll

Use the effective dates feature with the Accounting or Payroll applications when you need to cost or pay one or more employees at a rate that differs from their usual rate, perhaps on very short notice. This may result from specific project contract stipulations or from scenarios that involve negotiated or overtime costing or pay terms.

For example, you may need to use the effective dates feature:

- When a project is located in a jurisdiction with different tax laws.
- When some components of a project's work breakdown structure involve hazardous work.
- When your enterprise takes over a difficult project on negotiated cost or pay terms.
- When an hourly employee, not compensated for travel, requests additional pay to cover commuting expenses to a distant project location.

### Billing

Use effective dates with the Billing application when you need to schedule labor rate changes on an enterprise-wide basis or for specific groups of employees.

For example, you can schedule an increase in your enterprise's billing rate on all projects for work performed by all senior engineers as of July 1, 2017 (effective date).

### Setting Up Effective Dates

Before you establish effective dates, you must first enable cost rate tables, pay rate tables, or both on the General tab in **Settings** » **Advanced Accounting** » **System**. To use the effective dates feature in the Billing application, you must also enable effective dates on the Miscellaneous tab of **Settings** » **Billing** » **General**.

Enter effective dates in the **Effective Date** column on the following rate tables:

- Accounting and payroll cost/pay rate tables in **Accounting** » **Cost/Pay Rate Tables** for:
  - Labor Rates
  - Labor Categories
  - Labor Codes
- Billing rate tables in **Settings** » **Rate Tables** for:
  - Labor Rates
  - Labor Categories
  - Labor Codes
  - Labor Overrides

Once you create rate tables with effective dates, you cannot disable effective dates for rate tables until you delete all effective dates from existing rate tables.

#### Effective Dates and Cost Rates Hierarchy

After you create cost rate tables, you can associate the tables with individual projects, employees, or both. The cost method that you choose when you associate a cost rate table with a project or employee determines how DPS applies cost rates for employee timesheet transactions and billing transfers when those transactions are posted to your projects.

- **Projects Hub**: Associate cost rate tables with your projects using the **Cost Method** and **Cost Table** fields on the Accounting tab of the Projects hub. Specify a different cost rate method, table, or both at each level of a project's work breakdown structure.

- **Employees Hub**: Associate cost rate tables with employees using the **Cost Rate Table Method** and **Cost Rate Table** fields on the Accounting tab of the Employees hub. The cost rate method and table selections on this tab override the cost rate information that is entered on the Accounting tab of the Employees hub.

### Cost Rates Hierarchy

When you post employee timesheet transactions to a project, DPS looks first at the project record and then at the employee record (if necessary) to determine how to apply cost rates.

DPS uses the first setting it finds, based on the following hierarchy:

1. Projects hub record for task: **Cost Method** field on the Accounting tab.
2. Projects hub record for phase: **Cost Method** field on the Accounting tab.
3. Projects hub record for project: **Cost Method** field on the Accounting tab.
4. Employees hub: **Cost Rate Table Method** field on the Accounting tab.
5. Employees hub: **Rate** field in the Job Cost section on the Accounting tab.

### Project Cost Rate Methods (Hierarchy Levels 1 through 3)

Because DPS looks first at the project record, the options that you select in the **Cost Method** field on the Accounting tab of the Projects hub (at the lowest level of the work breakdown structure) determine how cost rates are applied. The options are:

- **None**: This is the default option. When you select this option, DPS moves up the work breakdown structure and uses the first **Cost Method** specified (if any), for the project.
- **From Employee Cost Rate**: When you select this option, DPS uses the cost rate that is specified for the employee in the Employees hub.
- **From Labor Rate Table**, **From Category Rate Table**, **From Labor Code Table**: When you select one of these options:
  - And the employee is not covered by the table selected in the **Rate Table** field, DPS uses the cost rate that is specified for the employee in the Employees hub.
  - And the employee is covered by the table selected in the **Rate Table** field, DPS uses the employee's cost rate from the table, if the timesheet detail date is on or after the effective date specified on the table. If the timesheet detail date is before the effective date specified on the table, DPS uses the cost rate specified in the Employees hub.
  - And the employee is covered by the table selected in the **Rate Table** field, but no effective date is specified for the employee, DPS uses the employee's cost rate from the table, regardless of the timesheet detail date.

### Employee Cost Rate Methods (Hierarchy Levels 4 through 5)

Based on your selections at the project level, DPS may or may not consider the employee's record in the Employee hub. DPS considers the employee record if any of the following apply:

- The **Cost Method** for all levels of a project's work breakdown structure is set to **None**.
- The **Cost Method** for the project is set to **From Employee Cost Rate**.
- The employee is not covered by the Labor Rate Table, Category Rate Table, or Labor Code Table specified for the project.

If DPS looks at the employee record, the option that you select in the **Cost Rate Table Method** field on the Accounting tab of the employee record determine how cost rates are applied. Your options are:

- **None**: This is the default option. When you select this option, DPS uses the employee's cost rate as specified in the **Job Cost Rate** field on the Accounting tab of the Employees hub.
- **From Labor Rate Table**, **From Category Rate Table**, **From Labor Code Table**: When you select one of these options:
  - And an effective date is specified for the employee, DPS uses the employee's cost rate from the table, if the timesheet detail date is on or after the effective date that is specified on the table. If the timesheet detail date is before the effective date specified on the table, DPS uses the cost rate that is specified on the Accounting tab of the Employees hub.
  - And no effective date is specified for the employee, DPS uses the employee's cost rate from the table, regardless of the timesheet detail date.

### Effective Dates and Pay Rates Hierarchy

After you create pay rate tables, you can associate the tables with individual projects, employees, or both. The pay method that you choose when you associate a pay rate table with a project or employee determines how DPS applies pay rates for employee timesheet transactions (from timesheets and billing transfers) when those transactions are posted to your projects.

- **Projects Hub**: Associate pay rate tables with your projects using the **Pay Method** and **Pay Table** fields on the Accounting tab of the Projects hub. Specify a different pay rate method, table, or both at each level of a project's work breakdown structure.
- **Employees Hub**: Associate pay rate tables with employees using the **Pay Rate Table Method** and **Pay Rate Table** fields on the Payroll tab of the Employees hub. The pay rate method and table selections on this tab override the pay rate information that is entered on the Payroll tab of the Employees hub record.

#### Pay Rates Hierarchy

When you post employee timesheet transactions to a project, DPS looks first at the project record and then at the employee record to determine how to apply pay rates.

DPS uses the first setting it finds, based on the following hierarchy:

1. Projects hub record for task: **Pay Method** field on the Accounting tab.
2. Projects hub record for phase: **Pay Method** field on the Accounting tab.
3. Projects hub record for project: **Pay Method** field on the Accounting tab.
4. Employees hub: **Pay Rate Table Method** field on the Payroll tab.
5. Employees hub: **Pay Rate Table** field on the Payroll tab.

#### Project Pay Rate Methods (Hierarchy Levels 1 through 3)

Because DPS looks first at the project record, the options that you select in the **Pay Method** field on the Accounting tab of the project record (at the lowest level of the WBS) determine how pay rates are applied. The options are:

- **None**: This is the default option. When you select this option, DPS moves up the WBS and uses the first **Pay Method** specified (if any) for the project.
- **From Employee Pay Rate**: When you select this option, DPS uses the pay rate specified for the employee in the Employees hub.
- **From Labor Rate Table**, **From Category Rate Table**, **From Labor Code Table**: When you select one of these options:
  - And the employee is not covered by the table that is selected in the **Rate Table** field, DPS uses the pay rate that is specified for the employee in the Employees hub.
  - And the employee is covered by the table that is selected in the **Rate Table** field, DPS uses the employee's pay rate from the table, if the timesheet detail date is on or after the effective date specified on the table. If the timesheet detail date is before the effective date specified on the table, DPS uses the pay rate specified in the Employees hub.
  - And the employee is covered by the table that is selected in the **Rate Table** field, but no effective date is specified for the employee, DPS uses the employee's pay rate from the table, regardless of the timesheet detail date.

### Employee Pay Rate Methods (Hierarchy Levels 4 through 5)

Based on your selections at the project level, DPS may or may not consider the employee record. DPS considers the employee record if any of the following apply:

- The **Pay Method** for all levels of a project's WBS is set to **None**.
- The **Pay Method** for the project is set to **From Employee Pay Rate**.
- The employee is not covered by the Labor Rate Table, Category Rate Table, or Labor Code Table specified for the project.

If DPS looks at the employee record, the option that you select in the **Cost Rate Table Method** field on the Accounting tab of the employee record determine how cost rates are applied. Your options are:

- **None**: This is the default option. When you select this option, DPS uses the employee's cost rate as specified in the **Job Pay Rate** field on the Accounting tab of the Employees hub.
- **From Labor Rate Table**, **From Category Rate Table**, **From Labor Code Table**: When you select one of these options:
  - And an effective date is specified for the employee, DPS uses the employee's pay rate from the table, if the timesheet detail date is on or after the effective date that is specified on the table. If the timesheet detail date is before the effective date specified on the table, DPS uses the pay rate that is specified on the Accounting tab of the Employees hub.
  - And no effective date is specified for the employee, DPS uses the employee's pay rate from the table, regardless of the timesheet detail date.

## Labor Cross Charge

A cross charge is a sharing of labor resources between different organizations within your enterprise. For example, a cross charge occurs when an employee from your Northeast office works on a project for your Southwest office.

The cross charging process redistributes labor costs and associated revenue when an employee in one organization (the lender) works on a project for another organization (the borrower). The transfer of costs and revenue between organizations allows each organization to match costs with revenue and fairly assess profitability.

### Considerations in Using Labor Cross Charging

Consider the following when you use labor cross charges:

- **Cross Charge Pricing**: The organizations in your enterprise should agree on an internal transfer price, which is the amount at which labor costs will be transferred between organizations.

  Internal transfer prices vary greatly from enterprise to enterprise. Some enterprises transfer the cost of labor only, while some transfer the cost of labor plus benefits to the organization that owns the project. Usually the transfer price falls somewhere between a break-even amount (labor plus overhead) and the average revenue multiplier. Most enterprises develop a transfer price that splits profit between the employee's organization and the organization that owns the project.

- **Cross Charge Timing**: You must also establish a timetable for which to run the Labor Cross Charge process. The timing should take into account any labor adjustments or billing labor transfers that you make after you post timesheets. As a basic rule of thumb, you should run the Labor Cross Charge process after each timesheet period. This means that, if you post timesheets biweekly, you should run the Labor Cross Charge process biweekly.

  You should also run the Labor Cross Charge process after each labor adjustment or billing transfer process, because these postings may also contain cross charges for your employees.

After you run the Labor Cross Charge process, you can use the Labor Cross Charge report to check that the labor charges were transferred correctly.

### Labor Cross Charge Approaches

In DPS project accounting, labor and revenue follow the project's organization. When employees work on a project in an organization other than their own, your enterprise can use labor cross charging in several different ways.

- **Approach 1**: Enterprises that measure the labor charged and the revenue earned by the employees in an organization often move labor expense and revenue back to each employee's home organization.
- **Approach 2**: Enterprises that prefer to measure the labor charged and the revenue earned by the projects owned by each organization often transfer revenue (net of labor), back to the employee's organization, or they transfer overhead to the organization that the employee charged.

- **Approach 3**: Enterprises that view cross charging as subletting services may transfer labor expense and revenue in the form of a consultant expense back to the employee's organization.

Enterprises use Approach 3 less often than Approaches 1 and 2. Whichever approach you use, you must negotiate or otherwise arrive at a transfer price.

### If You Choose Approach 1

You may choose approach 1 for these reasons:

- An organization's Income Statement reflects the revenue and expenses for all employees in that organization. This information is valuable to organizations who focus on their employee's effort, no matter which projects they charge.
- Labor "belongs" in the employee's organization, so the cross charge moves labor from the project's to the employee's organization.
- Revenue "belongs" in the employee's organization, so the cross charge moves all or a portion of revenue from the project's to the employee's organization.
- Overhead "belongs" in the employee's organization, so no cross charge entry is made for overhead.

| Approach 1 | | |
|---|---|---|
| Project Organization's Income Statement | | |
| **A** | Project Labor Revenue (from Revenue Generation) | 900.00 |
| **B** | Intercompany Revenue Transfer Out (from Cross Charging) | (900.00) |
| **C** | Direct Labor (from Timesheet Posting) | 300.00 |
| **D** | Intercompany Direct Labor Transfer Out (from Cross Charging) | (300.00) |
| | **Profit** | -0- |
| Employee Organization's Income Statement | | |
| **E** | Intercompany Revenue Transfer In (from Cross Charging) | 900.00 |
| **F** | Intercompany Direct Labor Transfer In (from Cross Charging) | 300.00 |
| **G** | Actual Overhead Costs (employee's organization) | 538.00 |
| | **Profit** | 62.00 |

### If You Choose Approach 2

You may choose approach 2 for these reasons:

- An organization’s Income Statement reflects the revenue and expenses for all of the organization's projects, regardless of which organization the employee belongs to.
- Labor "belongs" to the project's organization, so no cross charge entry is made for labor.
- Revenue "belongs" in the project's organization, so no cross charge entry is made for revenue.
- Overhead "belongs" in the project’s organization, so the cross charge process moves some amount of overhead from the employee’s organization to the project’s organization.

| Approach 2 | | |
|---|---|---|
| Project Organization's Income Statement | | |
| **A** | Project Labor Revenue (from Revenue Generation) | 900.00 |
| **C** | Direct Labor (from Timesheet Posting) | 300.00 |
| **H** | Intercompany Overhead Transfer In (from Cross Charging) | 540.00 |
| | **Profit** | 60.00 |
| Employee Organization’s Income Statement | | |
| **H** | Intercompany Overhead Transfer Out (from Cross Charging) | (540.00) |
| **I** | Actual Overhead Costs (employee’s organization) | 538.00 |
| | **Profit** | 2.00 |

### If You Choose Approach 3

You may choose approach 3 for these reasons:

- Labor and revenue "belong" in the project's organization, so no cross charge entry is made for labor.
- Overhead "belongs" in the employee's organization, so no cross charge entry is made for overhead.
- The cross charge process creates a journal entry moving consultant expense from the employee's organization to the project's organization.

| Approach 3 | | |
|---|---|---|
| Project Organization's Income Statement | | |
| **A** | Project Labor Revenue (from Revenue Generation) | 900.00 |

| Approach 3 | | |
|---|---|---|
| C | Direct Labor (from Timesheet Posting) | 300.00 |
| H | Intercompany Consultant Expense In (from Cross Charging) | 540.00 |
| | **Profit** | 60.00 |
| Employee Organization's Income Statement | | |
| H | Intercompany Consultant Expense Out (from Cross Charging) | (540.00) |
| I | Actual Overhead Costs (employee's organization) | 538.00 |
| | **Profit** | 2.00 |

### Transfer Price

Before you perform labor cross charging, you must establish an internal transfer price. For revenue-producing projects, the transfer price determines how profit is allocated among organizations. For overhead projects, the transfer price determines how costs are allocated among organizations.

Transfer price strategy varies greatly among enterprises. Some enterprises transfer the cost of labor only, while others transfer the cost of labor plus benefits. Enterprises typically develop a transfer price that splits profit between the employee's organization and the project's organization. Usually the transfer price falls somewhere between the break-even amount (labor plus overhead) and the average revenue multiplier.

For transferring revenue, the transfer price might be:

- Break-even; that is, labor plus overhead.
- The average revenue multiplier for all contracts.
- A negotiated figure, between break-even and the average revenue multiplier.
- Exactly at billing rates.

For transferring overhead, the transfer price might be:

- The enterprise-wide overhead rate.
- Each organization's established overhead rate.
- Direct personnel expenses only.

For subletting consultant services (where the transfer price represents subletted services cost), the transfer price might be:

- Break-even; that is, labor plus overhead.
- A negotiated figure, between break-even and the average revenue multiplier.

### Alternative to Labor Cross Charge

As an alternative to labor cross charging, you can use the work breakdown structure to set up a labor cross charge arrangement.

To do this, you define additional project tasks and phases, and then assign each phase or task to one of the organizations whose employees are working on the project.

Each organization is responsible for its portion of the project's contract. Organizations divide the project's compensation among themselves, and each organization establishes a separate budget for their work. When employees fill out their timesheets, they charge time to the phase or task that is assigned to their organization.

This alternative approach involves significant manual setup, and you must monitor the additional phases or tasks more closely. In addition, organizations must negotiate contract amounts and monitor projects to ensure that employees from each organization charge their time to the correct phase or task.

## Recording Payroll with a Journal Entry

If you use the DPS Payroll application, DPS enters payroll data in your general ledger when you post payroll transaction files. If you use a different application to process your payroll, you must record payroll entries manually in the general ledger. Typically, you do this with a journal entry transaction.

You can create a journal entry to distribute the amount in the Job Cost Variance account to the appropriate salary and withholding accounts. This causes payroll amounts to display on your Income Statement.

You can post time charged to Vacation, Sick, Holiday, and other overhead projects to separate indirect expense accounts. To use separate accounts, you must enter the accounts in **Settings** » **Advanced Accounting** » **Time Analysis**.

A payroll journal entry debits the Job Cost Variance account for the amount of your gross payroll and your employer's portion of FICA. It credits either a Salaries Payable account or a Payroll Checking Account for the net payroll amount, and credits various withholding accounts for tax and benefit withholdings.

To record payroll with a journal entry:

- Debit the Job Cost Variance account for the gross payroll amount.
- Credit the amounts withheld from employees' paychecks to the appropriate withholding accounts.
- Debit the Employer's FICA Expense account for the employer's FICA withholding portion and credit the same portion to the Employer's FICA Withholding account. Enter these debits and credits as part of the journal entry for payroll, or in a separate journal entry,
- Credit the remaining amount, net payroll, either to a Salaries Payable liability account or directly to a Payroll Checking asset account. If you are crediting a Salaries Payable account, you must record the disbursement of cash either in the current period, or in the next fiscal period. This can be done with a cash disbursement.

After you post the payroll journal entry, the balance remaining in the Job Cost Variance account represents the difference between the job cost amount and the amount actually paid to

employees. This amount is often a credit balance, because the job cost amount exceeds the amount actually paid to employees.

**Example**

Journal Entry No. 101 Date 01/16/17

Description: RECORD PAYROLL 01/15/17

| Project | Account Number | Account Name | Debit | Credit |
|---|---|---|---|---|
| 1.00* | 703.00 | Job Cost Variance | 8,500.00 | |
| | 721.00 | Employer FICA | 650.00 | |
| | 231.00 | Salaries Payable | | 5,720.00 |
| | 232.00 | FICA Withholding | | 1,300.00 |
| | 233.00 | Federal Withholding | | 1,700.00 |
| | 234.00 | State Withholding | | 330.00 |
| | 235.00 | Insurance Withholding | | 100.00 |
| | | **Totals** | **9,150.00** | **9,150.00** |

* 1.00 is the General Overhead Project number recorded in the **Project** field on the Posting tab of **Settings** » **Accounting** » **Company**.

### Payroll and Your Income Statement

To determine your gross payroll amount, review your Income Statement.

Add all of the amounts in the Labor and Job Cost Variance accounts on the Income Statement, as shown in the following table:

| Account | Amount |
|---|---|
| Direct Labor - Principal | 3,000.00 |
| Direct Labor - Employees | 3,536.00 |
| Indirect Labor - Principles | 706.00 |
| Indirect Labor- Employees | 1,390.00 |
| Job Cost Variance | 132.00 |
| **Total Payroll** | **8,500.00** |

You can perform this calculation for either the current period or for the year to date.

### Recording Bonuses with a Journal Entry

You can use a journal entry to record employee bonuses in a similar way to how you use a journal entry to record payroll.

As with a journal entry for payroll, a journal entry for employee bonuses credits either a Salaries (Bonuses) Payable account or a Payroll Checking account.

On the debit side of the bonus journal entry, use any of the following methods:

- Debit an indirect expense account and have bonuses allocated as overhead to all of your enterprise's projects. You can set up a special indirect expense account for this purpose. This approach is suitable if you are recording regular, relatively modest, employee bonuses that are considered an employee benefit.
- Charge bonuses to an Other Revenue and Expense account (in the range 800.00 to 999.99 in the standard chart of accounts). In effect, this produces a line item charge against operating profits, which falls below the bottom line. This approach is suitable if bonuses are based on profits, or if they are discretionary, large, and infrequent.
- Charge a portion of bonuses to the direct labor accounts and the remaining portion to the indirect labor accounts, depending on the current direct/indirect labor ratio. This approach is suitable if bonuses are considered deferred compensation and are therefore guaranteed.

## Overhead Allocation

Overhead allocation is the practice of distributing your indirect costs to revenue-producing projects.

Overhead is the sum of indirect labor and expenses. It can represent 25% to 50% of all expenses incurred by your enterprise. Overhead charges include the cost of accounting and administrative time, employee benefits, rent, utilities, insurance, and other expenses associated with the enterprise as a whole. To see a true picture of project cost, you must allocate overhead among your regular, revenue-producing projects, so that each project absorbs its share of the total overhead cost.

After indirect costs have been distributed, the revenue from your projects supports the total cost of doing business. Overhead allocation does not impact the general ledger, but is reflected on project reports run at cost.

Enter overhead allocation settings in **Settings** » **Advanced Accounting** » **Overhead Allocation**.

## Allocation Methods

You have two options for determining how overhead should be allocated to each of your revenue-producing projects: proration or assignment.

You can choose to allocate overhead on an enterprise-wide basis or by organization (if you are using the Organization Reporting application).

If your enterprise uses billing rates for job cost rates or if you generate project cost reports that only list direct project charges (gross margin reporting), you can choose not to allocate overhead. This approach greatly limits your ability to measure actual project performance.

### Allocating by Organization

If you are not using the Organization Reporting application, DPS automatically allocates overhead on an enterprise-wide basis. However, if you use Organization Reporting, instead of allocating overhead enterprise-wide, you can allocate overhead by organization. This means that you allocate overhead in two passes: first from corporate (non-operating) organizations to operating organizations, then from operating organizations to regular projects.

### Accounts for Overhead Allocation

Normally, DPS allocates overhead based on a project's year-to-date direct labor or revenue. However, you can enlarge the overhead base for your projects by including certain direct or reimbursable expenses in the base, along with direct labor or revenue. For example, you might want to include salaries for temporary employees or the cost of contract labor in the overhead base. To do this, specify the expense accounts whose charges should be included in the base.

### Running Overhead Allocation

Because the Overhead Allocation process calculates overhead on a year-to-date basis, you can run it whenever you choose (multiple times during the same accounting period, if necessary). At a minimum, you should run it after you post all transactions for the period and before you print project reports. This will ensure that your project reports contain accurate numbers.

### Provisional Overhead Rate

Until you run Overhead Allocation, DPS calculates current period overhead using a provisional rate:

- If you are using the Assignment method, the provisional rate is your current assignment percentage.
- If you are Prorating overhead, the provisional rate for a particular project is the rate that was in effect the last time that you allocated overhead.

Provisional overhead amounts appear on project reports and on screens for display only; they are not posted to the database.

### Project Reports

Overhead amounts appear on all of the major project-related reports (Project Progress, Project Detail, Project Summary, and Office Earnings). You can also print an Overhead Allocation report that provides detailed information about current period, year-to-date, and job-to-date overhead allocation.

## Proration Method of Overhead Allocation

The proration method bases overhead allocation on your enterprise's actual total overhead. With this method, the sum of all amounts is charged to overhead projects. A project, phase, or task assumes its proportionate share of the overhead pool.

### Calculation

A project, phase, or task's overhead share is based on one of the following:

- Its share of enterprise-wide direct labor
- Its share of enterprise-wide revenue

DPS uses the following formula to calculate the overhead for each project:

**Prorated Overhead Allocation % Rate = Year-to-Date Indirect Expenses / Year-to-Date Direct Labor or Revenue**

The prorated year-to-date overhead amount is then distributed to all regular-type projects using the following formula:

**% Rate * Year-to-Date Project Direct Labor or Revenue = Overhead Allocated to Project**

### Pros and Cons

With proration, the sum of all amounts allocated in the current period is equal to your enterprise's actual overhead amount for the period. The benefit of this approach is that overhead allocation is based on real numbers. The problem is that your actual overhead amount may vary quite a bit from period to period and season to season, making it difficult to forecast project performance. To keep seasonal fluctuations to a minimum, you should consider accruing large expenses, such as professional liability insurance or depreciation, over the course of the year.

### Example

For example, assume that you choose to prorate overhead based on enterprise-wide revenue. You have $100,000 in indirect expenses and $500,000 in revenue. The City Hall project has revenue for the year that totals $50,000.

**Overhead Allocation Rate:**

YTD Indirect Expenses (100,000) / YTD Revenue (500,000) = .20 (20%)

The overhead allocation rate is 20%.

**Overhead Allocated to the City Hall Project:**

% Rate (20%) * YTD Project Direct Revenue (50,000) = 10,000

The City Hall project is allocated $10,000 of overhead from the total overhead expense.

## Assignment Method of Overhead Allocation

The assignment method bases overhead allocation on a percentage that you specify. This overhead percentage is applied to each project, based on either direct labor or revenue, to determine the total amount of overhead allocated to each project.

### Calculation

The assigned overhead rate can be entered in three different places in DPS. The following hierarchy determines which rate DPS uses to allocate overhead on a project-by-project basis:

- If a rate is defined in the Projects hub for an individual project, phase, or task, DPS uses that rate.
- If no rate is defined in the Projects hub, and the project, phase, or task is assigned to an organization, DPS uses the rate defined for the organization on the Overhead tab in **Settings** » **Organization** » **Individual**.
- If no rate is defined in the Projects hub or in **Settings** » **Organization** » **Individual**, DPS uses the enterprise-wide overhead rate defined in **Settings** » **Advanced Accounting** » **Overhead Allocation**.

DPS uses the following formula to calculate the overhead for each project:

**Year-to-Date Project Direct Labor or Revenue * Assigned Overhead Percentage = Overhead Allocated to Project**

### Pros and Cons

With assignment, the sum of all allocated amounts is not necessarily equal to your enterprise-wide overhead amount. DPS accumulates the difference in an Overhead Variance project. The assignment method is more widely used than the proration method, because it allows you to generate a consistent overhead amount for each project and it prevents overhead allocation from fluctuating wildly from period to period. This makes it easier to forecast project performance.

You have the option of overriding the enterprise-wide percentage for individual projects, so that they receive overhead at a higher or lower rate than the norm.

### Overhead Variance Project

If you intend to use the assignment method, you must create an Overhead Variance project to maintain the appropriate accounting balance between the project and general ledger sides of DPS. This project absorbs the difference between the total year-to-date overhead assigned to projects and the enterprise's actual total indirect expenses.

**Variance amount = Actual total indirect expenses incurred - Total year-to-date overhead assigned**

By looking at the variance amount that accumulates, you can judge whether the assignment percentage that you are using is appropriate.

### Example

For example, assume that you choose to allocate overhead at a rate of 10%, based on direct labor. The City Hall project has $20,000 in year-to-date direct labor charges.

**Overhead Allocation Rate**

The overhead allocation rate is 10%.

**Overhead Allocated to the City Hall Project**

YTD Direct Labor (20,000) * OH % (10) = 2,000

The City Hall project is allocated $2,000 of overhead.

## Calculating the Actual Overhead Rate

For a variety of reasons, such as establishing project fees, your enterprise may want to estimate its actual overhead rate.

Your estimate can be based on overhead rates for existing projects or previous accounting periods. It may differ from the provisional rate, which is the rate last calculated by the Overhead Allocation process.

A common formula is:

**Firmwide Overhead Rate = Total Indirect Expenses / Total Year-to-Date Direct Labor or Revenue**

- Total Year-to-Date Direct Labor includes balances in accounts 601.00, 602.00 in the standard chart of accounts, and any other user-defined labor posting accounts.

- Total Year-to-Date Revenue includes balances in 400-level accounts in the standard chart of accounts.

### Size of Job Cost Variance

The size of the Job Cost Variance account can influence the accuracy of the overhead calculation. If it has a zero balance, or small balance relative to the labor accounts, use the preceding formula to calculate actual overhead. If the balance is significant, there are consequences for overhead calculations.

If you have a significant Job Cost Variance (more than 5% of total labor cost), the direct labor amounts on your reports will not reflect actual payroll labor costs. For this reason, ignoring a large Job Cost Variance produces an incorrect actual overhead rate.

The numerator (Total Indirect Expenses/Total Indirect Expenses) should include the total balance of your 700-level accounts.

If the labor job cost rate includes some indirect expenses, DPS credits the Job Cost Variance account, decreasing the overhead pool. The proration method automatically reflects this; however, you should keep this in mind when choosing the overhead percentage for the assignment method.

### Types of Contracts

The calculation of actual overhead can also be affected by contracts that restrict what you can claim as allowable indirect expenses. For example, if you are audited for a government contract, certain overhead items, such as interest expense and some promotional fees, may be disallowed by outside auditors. The auditor can require you to deduct the cost of these items, if necessary, from your actual overhead cost by subtracting the amount from total indirect expenses.

## Enterprise-wide Overhead Allocation

If you are not using the Organization Reporting feature, DPS automatically allocates overhead on an enterprise-wide basis. Likewise, if you are using Organization Reporting, you have the option of allocating overhead on an enterprise-wide basis, essentially treating the entire enterprise as one organization.

To set up enterprise-wide overhead allocation, choose assignment or proration as the allocation method, choose labor or revenue as the allocation base, and set up an Overhead Variance project (if using the assignment method) to store any difference between actual and applied overhead. Enter this information in **Settings** » **Advanced Accounting** » **Overhead Allocation**.

When you use the assignment method, you define the enterprise-wide overhead rate.

When you use the proration method, DPS calculates the enterprise-wide overhead rate based on actual activity:

**Enterprise-wide Overhead Rate (Proration Method) = Year-to-date Indirect Expenses / Year-to-Date Direct Labor or Revenue**

### Actual Overhead

When DPS calculates actual overhead, it uses one of the following formulas:

| Overhead | Formula |
|---|---|
| **Overhead by Project** | Enterprise-wide Overhead Rate * Year-to-Date Base by Project = Overhead Allocated to Project |
| **Overhead from Non-operating Organizations** | Enterprise-wid Overhead Rate * Year-to-Date Base for Organization = Overhead for Organization |

### Organization Overhead Allocation

If you use the Organization Reporting feature, you can allocate overhead by organization instead of on an enterprise-wide basis.

When you allocate overhead by organization, you treat each organization as if it is a separate entity. Your total overhead is divided into individual pools to be distributed among your organizations.

Your pools of overhead are made up of all indirect expenses posted to overhead or promotional projects for each individual organization. Each operating organization has its own pool of indirect expenses that must be allocated. In addition, you may have non-operating organizations that absorb expenses shared by many organizations. You can use the Overhead Allocation process to distribute these expense pools among your organizations.

When you allocate overhead by organization, you can distribute overhead in multiple passes. Here is an example of how you might set up overhead allocation:

| Multiple Passes of Overhead Allocation | | | |
|---|---|---|---|
| Corporate Level | | | |
| **Pass 1** | | | |
| | Boston General | Chicago General | |
| **Pass 2** | | | |
| Boston Technical | Boston Design | Chicago Technical | Chicago Design |
| **Pass 3** | | | |
| Projects | Projects | Projects | Projects |

- **Pass 1**: Total overhead from the corporate level is distributed among your non-operating organizations.
- **Pass 2**: Each non-operating organization distributes its share of corporate overhead, plus its own overhead, to the operating organizations.
- **Pass 3**: Each operating organization distributes all overhead received, plus its own overhead, to the regular projects owned by the organization.

### History Loading for Overhead Allocation

When you first implement DPS, you may want to enter historical overhead for prior years and/or months in the current year. Overhead is calculated on a year-to-date basis.

When you enter history for overhead allocation, be sure that the historical balances of all indirect accounts agree with the sum of all indirect expense history entered for overhead projects.

### Overhead Allocation Report

The Overhead Allocation report shows, project by project, how overhead was distributed as of the last time the Overhead Allocation process was run.

The report shows:

- The allocation method (assignment or proration).
- The allocation base by project. This column includes the amounts posted to accounts that you chose to include in the allocation base.
- Current, year-to-date, and project-to-date overhead for your individual regular projects.
- The budgeted overhead rate and effective overhead rate.

If you use the Organization Reporting feature, DPS sorts the report by organization and the report contains two additional sections:

- **Organization Distribution Summary**: This section includes the pass on which overhead was distributed; the method, rate, and basis used; and the total amount of expenses distributed from this organization.
- **Organization Allocation Summary**: This section includes the method, rate, and basis used; the additional accounts included in the allocation base; the organization overhead; the amount allocated to the organization; and the overhead variance (if you are using the assignment method).

## Revenue Generation

Because DPS is an accrual-based system, you can recognize revenue when it is earned, rather than when payment is received, and recognize expenses when they are incurred, rather than when they are paid.

This system of revenue recognition increases the accuracy of project reports and financial statements.

DPS accrues revenue when you run the Revenue Generation process. Revenue Generation calculates revenue on a project-by-project basis (or phase-by-phase, task-by-task) according to the revenue method that you assign to each project, phase, and task.

If you do not use Revenue Generation, DPS recognizes revenue as it is billed. Job-to-date billings may not be the best way to recognize revenue because:

- A project may not be billed on a monthly basis, but only when it reaches certain milestones.
- Your enterprise may post invoices in a different period than it posts expense accruals.
- On projects with "lump sum" billing terms, the amount billed may not match the labor expense incurred.
- Your financial statements are dependent on your billing cycle.

## Timing

- Because Revenue Generation calculates revenue on a job-to-date basis, you can run it whenever you want to(multiple times during the same accounting period, if necessary).

To keep your project reports accurate and up-to-date, run Revenue Generation at least once a month or at the end of each accounting period.

- To see current period revenue, run Revenue Generation and then subtract the prior job-to-date revenue from the new job-to-date revenue.

### Project Reports

Revenue displays in the job-to-date, year-to-date, and current sections of the Office Earnings report and in the Financial Analysis section of the Project Progress report.

#### Revenue Calculations

When you run the Revenue Generation process, DPS calculates your enterprise's revenue on a project-by-project basis (or phase-by-phase, task-by-task) according to the revenue method that you assign to each project, phase, and task.

Revenue Generation calculates a project's revenue on a job-to-date basis, in the following sequence:

1. Calculates job-to-date revenue for each project/phase/task according to the revenue method specified.
2. Updates current period revenue for each project/phase/task by subtracting the project, phase, and task combination's prior period job-to-date revenue from the current period's job-to-date revenue.
3. Determines unbilled amounts for each project/phase/task by subtracting job-to-date billed revenue (recognized through bill processing) from job-to-date revenue (based on the revenue method selected).
4. Creates the Revenue Generation journal entry file, which contains the account and amounts to be debited and credited for the newly calculated revenue information.

If you set up Revenue Generation to use revenue categories to track multiple unbilled revenue accounts, the same revenue calculations are done separately for each revenue category.

Revenue Generation is calculated job-to-date and will account for any change to the revenue methods in the period that Revenue Generation is run and posted.

### Relevant Transactions

Before you run Revenue Generation, verify that all relevant transactions have been posted. The transactions that affect the calculation of revenue differ depending on the revenue methods that you use.

For example, you may need to post the following transactions before you run revenue recognition:

- Labor (Timesheets)
- Expense (Expense Reports and Repayments)
- Invoices (If you do not use DPS Billing)
- Billings (If you use DPS Billing)
- Cash Receipts

If you have any projects whose revenue accrual is affected by percent completes, update labor and expense percent completes before you run Revenue Generation.

If you have any custom revenue types that use total project cost as part of the calculation of revenue, run Overhead Allocation.

### Revenue Reports

DPS provides two reports that show the results of posting revenue:

- **Transaction List**: This report shows the effect of revenue generation on your general ledger and can be printed before posting occurs.
- **Revenue Generation Posting Log**: This report shows the prior job-to-date, new incremental job-to-date, and total job-to-date revenue that will be distributed to projects when the Revenue Generation file is posted.

Generate these reports each time that you run Revenue Generation.

## Revenue Methods

If you set up Revenue Generation to track only one uninvoiced revenue account and one unbilled services account, DPS provides six standard revenue methods. You can also create your own revenue methods.

### Standard Revenue Methods

These are the standard revenue methods:

- **Revenue Method B = Job-to-Date Billings**

  The most commonly used of all revenue methods, Method B calculates job-to-date revenue as equal to job-to-date billings. This method makes sense if you bill clients on a monthly basis and process bills in the same month as the corresponding expenses are incurred. This is the default revenue method.

- **Revenue Method M = (Job-to-Date Direct Labor x Multiplier) + Job-to-Date Reimbursable Expenses @ Cost Rates**

  With Revenue Method M, you recognize job-to-date earned revenue as equal to the project's job-to-date labor cost with a markup, plus job-to-date reimbursable expenses at cost. This method makes sense for projects or tasks that are billed on an hourly basis.

- **Revenue Method N = No revenue generation. All revenue must be posted through journal entries.**

  When you use Revenue Method N, DPS does not generate any revenue for the project. If you wish to recognize revenue, you must post a journal entry. This method is appropriate for situations in which none of the standard revenue methods apply and you cannot devise a custom revenue method that works consistently.

- **Revenue Method P = (Percent Complete * Estimated Compensation) + Job-to-date Reimbursable Expenses @ Cost Rates**

  With Revenue Method P, DPS calculates revenue as equal to the project's percent complete multiplied by its estimated compensation amount, plus job-to-date reimbursable expenses at cost. This method produces very accurate results if project managers keep

percent completes up-to-date. If they do not, Method M makes more sense. This method is appropriate for lump sum contracts or for time-based contracts with upset limits.

- **Revenue Method R = Job-to-Date Receipts**

  Revenue Method R is a cash-basis method. It calculates job-to-date revenue as equal to total cash received. This method is appropriate for speculative projects or any projects that have a high risk of non-payment.

- **Revenue Method W = Job-to-Date Billings + Work-in-Progress @ Billing Rates**

  When you use Revenue Method W, DPS calculates job-to-date revenue as equal to job-to-date billings plus work in progress at billing rates. Work in progress is any labor or expense that has been posted but not yet billed. To use this method, you must use DPS Billing.

### User-Defined Revenue Methods

For certain projects, you may find that none of the standard revenue methods is appropriate. If so, you can create your own formula for calculating revenue in **Settings** » **Advanced Accounting** » **User Defined Revenue**.

If you set up Revenue Generation to use revenue categories to track multiple unbilled accounts, you must create your own user-defined revenue methods for all revenue categories that you set up.

#### Contract Types and Revenue Methods

A key factor to help you decide on the best revenue method for a project is the project's contract type.

The following table describes which standard revenue methods are best suited to each of the most common contract types.

| Contract Type | Revenue Methods |
|---|---|
| Time and Materials Without an Upset Limit | B, W |
| Time and Materials With an Upset Limit | M |
| Cost Plus Fixed Fee | M, P |
| Lump Sum or Fixed Fee | M, P |
| Percentage Completed | M, P |

In addition to these predefined revenue methods, you can create your own user-defined revenue methods as needed.

#### Testing a Revenue Method

You should consider testing a revenue method (either standard or user-defined) on a few projects before assigning the method to many projects.

It is easier to test a project's revenue if the project data is posted and you can view all elements of the formula. If you select **Post revenue as it is generated (do not create transaction file)** in

**Accounting** » **Revenue Generation**, DPS posts the Revenue Generation file immediately after you run Revenue Generation.

To test a revenue method, you should run Revenue Generation for the selected projects, and then:

- Post the Revenue Generation file.
- Run the appropriate report for the revenue method at the lowest level of work breakdown structure for your projects.
- Review each project's revenue amount as it appears in the appropriate report location to confirm that it is consistent with your expectations.

If a project's reported revenue does not seem accurate:

- Verify that all data used by the revenue method formula has been entered and posted for the project.
- Modify the method's formula or specify a different **Revenue Type** for the project.
- Repeat the test.

When you are certain that your revenue method is accruing revenue accurately, you can assign it to other projects.

### Example

This is how you might test Revenue Method W: JTD Billings + WIP @ Billing.

1. Decide which projects to use in your test.
   - Confirm that Method W is the revenue type for each of these projects.
   - Confirm that all project data is entered and all transactions posted.
2. Run Revenue Generation with these projects selected, and post the Revenue Generation file.
3. Run the Office Earnings Report for the projects and note the JTD Billed amount for each.

   For more detail, you can run the AR Ledger Report instead and note the Total Billed amount. This amount will not match the JTD Billed on the Office Earnings Report if you have **Enable option to update BTD for journal entries to revenue** selected and you have made journal entries for the project.
4. Run the Unbilled Detail Report at billing rates for the projects and note the Work in Progress amount for each.

   DPS's calculation of **WIP @ Billing**:

   - Excludes held items. To match the WIP calculation to the amount on the Unbilled Detail Report, you must run the report without held items.
   - May include a multiplier from billing terms specified as an add-on. The Unbilled Detail report does not show add-ons.
5. To determine each project's revenue, add the amount in Step 3 to the amount in Step 4.

### Running Revenue Generation by Project

You can run Revenue Generation for all of your projects at once, or you can select specific projects and run Revenue Generation for only those projects.

You may want to run Revenue Generation on a project-by-project basis in the following situations:

- You discover and correct an error in one project's data. You want to rerun Revenue Generation to accrue revenue correctly for that project.
- You discover and correct a pattern of errors in some projects' data. You want to rerun Revenue Generation to accrue revenue correctly for those projects.
- You decide to adjust a project's revenue method formula to accrue revenue more accurately for the project. You want to rerun Revenue Generation to see the effect of your adjustment.
- Before generating financial statements for an organization's projects, you want to update each project's revenue.
- Before generating financial statements for a project manager or principal, you want to update revenue for all of their projects.
- After posting timesheets, you want to rerun Revenue Generation for projects whose revenue accrual is affected by timesheet postings.
- After updating percent completes, you want to rerun Revenue Generation for projects whose revenue accrual is affected by percent completes.
- You have just posted a large expense transaction for a project, and you want its project reports to reflect this.
- You want to update revenue on all projects using a certain revenue method.

### Unbilled Services

Your unbilled services amount is the revenue that your enterprise has earned job-to-date, less the amount that has been billed job-to-date. When you run Revenue Generation for projects whose revenue method is any method other than Method B (job-to-date billings), DPS tracks the difference between revenue amounts and billing amounts.

The difference (unbilled services) is calculated using the following equation:

**Unbilled Services = Job-To-Date Earned Revenue - Job-To-Date Total Billings**

Unbilled services are also referred to as work-in-progress or unearned income.

To review job-to-date unbilled services, run the Office Earnings Report for all projects, whether or not they had activity in the current accounting period. Be sure to include the Unbilled column and use the Print Job-to-Date option.

The Total Unbilled amount matches the balance in the Unbilled Services account on the Balance Sheet (account 121.00 in the standard chart of accounts). This account holds job-to-date unbilled revenue for all projects.

The unbilled services amount increases as you recognize revenue and decreases as you post invoices. After you run Revenue Generation and post the Revenue Generation file, DPS posts unbilled revenue for the current fiscal year to the Unbilled Revenue account (402.00 in the standard chart of accounts) on the Income Statement.

- For projects with time and materials or labor-based contracts, the unbilled services amount often represents the normal lag time from incurring the labor expense to posting invoices.
- For projects with contracts that allow billing when you have reached a project milestone, including certain lump sum contracts that are billed by phase, invoiced amounts do not represent actual effort on the job. The unbilled services amount may be unusually high, representing several weeks of work that you cannot bill until reaching the milestone.
- For projects with contracts that allow for accelerated billing in the early phases of work (prebilling ahead of the work effort) the unbilled services amount may be a negative amount, indicating that prebilling has occurred.

### Unbilled Services File Reconciliation Errors

A file reconciliation error is a discrepancy between the sum of the detail for an account and the same account's balance on the general ledger. To determine if an unbilled services file reconciliation error exists, you can run the File Reconciliation report.

To run the report, select **Utilities** » **File Reconciliation** from the Navigation menu.

On the File Reconciliation report, check unbilled services (account 121.00 in the standard chart of accounts). If you use revenue categories to track multiple unbilled accounts, all revenue categories are included in the unbilled services amount.

If the **Difference** column contains a negative amount, this means that the balance in the general ledger Unbilled Services account does not match the Total Unbilled amount on the Office Earnings report, when the Office Earnings report is run for all projects, whether or not they had activity during the period.

#### Reasons for File Reconciliation Errors

Unbilled services file reconciliation errors usually result from posting a cash receipt or a journal entry transaction to a revenue account, because these postings do not post an offsetting transaction to the Unbilled Services account. Without the offsetting transaction, the Office Earnings report increases the revenue amount to include the cash receipt or journal entry. Because the cash receipt or journal entry is not invoice-related, the Office Earnings report shows the excess revenue in the Unbilled column.

The Office Earnings report calculates revenue by summing the detail from the revenue accounts on the Income Statement. Because the Office Earnings report calculates revenue as equal to Job-to-Date Billed plus Unbilled, if revenue differs from the Billed amount on the Office Earnings report, the Office Earnings report increases its own Unbilled amount without changing the balance in the Unbilled Services account. This causes a file reconciliation error: the Unbilled amount on the project reports differs from the balance in the Unbilled Services account on the Income Statement.

#### Addressing File Reconciliation Errors

Address file reconciliation errors by researching them. Then change the project's revenue method formula, the revenue method, compensation, or multiplier, and rerun Revenue Generation.

To verify that an unbilled services file reconciliation has occurred:

- Make sure that your comparison uses the Office Earnings report for all projects (when you generate the Office Earnings report, do not select the **Only Projects with Activity** option).
- Identify the accounting period when the unbilled services file reconciliation error began.
- In the Account Analysis for revenue accounts, for the accounting period when the unbilled services file reconciliation error began, look for any entries other than invoices and revenue generation journal entries.

The most common cause for a difference between the Office Earnings report and the Account Analysis is an entry to a revenue account that is not offset by an entry to the Unbilled Services account. Posting cash receipts to a revenue account can also cause the Office Earnings report and Account Analysis to differ.

If an unbilled services file reconciliation error has occurred, the following are always true:

- At the time a cash receipt or journal entry is posted, the amount in the Balance Sheet Unbilled Services account is correct, and the amount shown as Unbilled on the Office Earnings report is adjusted incorrect.
- After you run Revenue Generation, the amount shown as Unbilled on the Office Earnings report is correct. The amount on the Balance Sheet is incorrect, because Revenue Generation has tried to correct the difference.

### Balances and Reports That Should Tie

- The balance in the Unbilled Services account should tie with the Unbilled amount on the Office Earnings report. Be sure that you are not using other reports to locate or correct an unbilled services file reconciliation error.
- The balance in the Unbilled Services account usually does not tie with the Unbilled amount on the Unbilled Detail Report. It will tie only if all projects have a revenue method that uses work in progress.
- The balance in the Unbilled Services account on the Balance Sheet may equal the balance in the Unbilled Revenue account on the Income Statement in the first year. Thereafter, the Unbilled Revenue account is cleared at each year-end and Unbilled Services accrues from year to year.
- The Unbilled Detail Report does not tie to the Project Progress or Project Detail Reports because of write-offs and billed amounts suppressed on invoices.

## History Loading for Revenue Generation

The amount of history required for Revenue Generation to calculate revenue amounts correctly depends on the components used in the revenue method calculation.

At a minimum, you must supply the following information:

- The starting balance of the Unbilled Services account (121.00 in the standard chart of accounts). Enter this amount in **Utilities** » **History Loading** » **Account Balances**.
- Project history to support the amount of unbilled services for each project. Enter these amounts in **Utilities** » **History Loading** » **Invoice and Receipt**. These amounts appear on the Office Earnings report.

If you enter this data, you will avoid a file reconciliation error in the Unbilled Services account. When you run Revenue Generation, DPS calculates the history entered using the revenue method that you selected, and then it compares the result to the job-to-date billings for each project and determines the amount of unbilled revenue, which equals the amount entered through Invoice and Receipt History.

If you enter sufficient history data (enough project history to support the full amount of unbilled services for the project) DPS will not find any new revenue amounts to accrue the first time that you run Revenue Generation. The history for the revenue method is fully reflected in the Unbilled Services amount on the Office Earnings report, so no new entry is necessary.

### Additional Information by Revenue Method

The following table describes the additional historical information that you must provide for each revenue method.

| Revenue Method | Additional History Entries |
|---|---|
| **Revenue Method B** | **Job-to-Date Billings = Job-to-Date Revenue**<br>▪ No minimum or maximum billing history is required. Any invoice history entered will appear as job-to-date billings on the Office Earnings report.<br>▪ Zero unbilled revenue should be entered for projects using revenue method B.<br>▪ The Office Earnings report will show revenue equal to job-to-date billings plus any unbilled detail. Since the unbilled amount is zero, revenue will be equal to the job-to-date billing amount only. Regardless of the billed amount, no entry is made to record additional revenue beyond billings. |
| **Revenue Method M** | **(Job-to-Date Direct Labor * Multiplier) + Job-to-Date Reimbursable Expenses**<br>▪ The **Unbilled** field on the Invoice and Receipt History form for all projects ties to the amount entered in Account Balances History for the Unbilled Services account for each project.<br>▪ Enter job-to-date labor history and job-to-date reimbursable expense history for the project.<br>▪ No minimum or maximum billing history is required. Any invoice history entered will appear as job-to-date billings on the Office Earnings report.<br>▪ Enter the multiplier in the Projects hub.<br>▪ Enter the unbilled revenue amount in Invoice and Receipt History. Unbilled revenue is the difference between job-to-date revenue (using method M) and job-to-date billings.<br>▪ If enough history is entered, DPS should not find any new revenue amounts to accrue the first time that you run Revenue Generation. |

| Revenue Method | Additional History Entries |
|---|---|
| | ▪ The billing status of labor or expense charges does not affect the revenue calculation. |
| **Revenue Method N** | **None**<br>No additional entries are required. |
| **Revenue Method P** | **(Percent Complete * Fee) + Job-to-Date Reimbursable Expenses**<br>▪ Enter the percent complete (as of the installation cut-off date) in the Projects hub or on the Project Budget Worksheet.<br>▪ Create Project Budget Worksheet for the projects and update the percent completes.<br>▪ No minimum or maximum billing history is required. Any invoice history entered will appear as job-to-date billings on the Office Earnings report.<br>▪ Enter the job-to-date reimbursable expenses at cost in Labor and Expense History.<br>▪ Enter the Compensation amount in the Projects hub or on the Project Budget Worksheet.<br>▪ Enter the unbilled revenue amount in Invoice and Receipt History. Unbilled revenue is the difference between job-to-date revenue (using method P) and job-to-date billings.<br>▪ If enough history is entered and the Project Budget Worksheet is correctly updated, DPS should not find any new amounts to accrue the first time that you run Revenue Generation. |
| **Revenue Method R** | **Job-to-Date Receipts**<br>▪ No minimum or maximum billing history is required. Any invoice history entered will appear as job-to-date billings on the Office Earnings report.<br>▪ Enter job-to-date billings and job-to-date receipts for each project.<br>▪ Revenue generation will calculate revenue as equal to the job-to-date receipts entered in Invoice and Receipt History and compare that amount to job-to-date billings. The difference between the two amounts is the unbilled amount.<br>▪ Revenue generation will tie the unbilled amount calculated to the unbilled amount entered in Invoice and Receipt history. No additional entry is necessary. |
| **Revenue Method W** | **Job-to-Date Billings + Work-in-Progress @ Billing Rates**<br>▪ The **Unbilled** field on the Invoice and Receipt History form ties to the amount entered in Account Balances History for the Unbilled Services account for each project. |

| Revenue Method | Additional History Entries |
| --- | --- |
| | ▪ Enter labor and expense data for items with a status of **B** (billable) on the Labor and Expense History form. The total amount of these items should equal the unbilled amount entered on the Invoice and Receipt History form for the project.<br>▪ No minimum or maximum billing history is required. Any invoice history entered will appear as job-to-date billings on the Office Earnings report.<br>▪ Revenue Generation compares all job-to-date billings and labor and expense items with a status of **B** (billable) to job-to-date billings. DPS then compares any additional accrual beyond billings to the unbilled services amount. If an unbilled amount exists, no additional entry is required.<br>▪ Revenue Generation and the Unbilled Detail report calculate the billing extension using the project's billing terms. These routines will accrue additional amounts if the current terms calculate work-in-progress differently than the labor and expense billing extension entered in history. |

### Consultant Accruals

Use the Consultant Accruals feature to budget project expenses at the vendor/consultant level using the Project Budget Worksheet, post expenses as they accrue for vendors/consultants, and compare accrued expenses to budgeted expenses.

With Consultant Accruals, you can:

- Calculate accrual amounts based on budget, estimate-to-complete, or estimate-at-completion amounts.
- Post accruals as they are generated.
- Suppress billing.
- Update percent completes; drill down to compensation and billed detail.
- Send reports to a process server for printing.
- Save report settings.
- Select accounts one by one, by account type, or by project.

The Consultant Accruals feature complements the Revenue Generation feature. Use Revenue Generation to recognize revenue when it is earned instead of when it is invoiced, and use Consultant Accruals to recognize vendor/consultant expenses when they are incurred instead of when they are billed to you. You can more accurately assess project profitability, because the project's financial data does not depend on the varied billing practices of your vendors or consultants.

Typically, when vendors/consultants complete their work, they send you an invoice. Often, though, the invoice arrives weeks or months after the work has been completed. This can distort your project reports because the vendor/consultant expense has been budgeted and spent, but not yet applied to the project's expense totals.

With the Consultant Accruals feature, you accrue the cost of work performed but not yet billed by the vendor/consultant. This amount is captured in a Consultant Accrual account, which you define on the Posting tab of **Settings** » **Accounting** » **Company**.

### Consultant Accrual Calculations

Each time that you process Consultant Accruals for a project, DPS calculates and posts a journal entry for each of the project's budgeted accounts, based on the project's percent complete data and the options specified when you set up Consultant Accruals. Each entry consists of a debit to the budgeted account and a credit to the Consultant Accrual account.

You can choose one of three methods as the basis for accrual calculations:

| Method | Calculation |
|---|---|
| **Budget Method** | (Percent Complete * Budget) – Job-to-Date Spent |
| **Estimate-to-Complete Method** | [(Job-to-Date Spent + Estimate-to-Complete) * Percent Complete] – Job-to-Date Spent |
| **Estimate-at-Completion Method** | (Percent Complete * Estimate-at-Completion) – Job-to-Date Spent |

### Timing

You should process Consultant Accruals when any of the following changes occur in a project's data:

- Percent completes are updated.
- Consultant vouchers or expense reports are posted.
- Budget amounts are updated.

### Consultant Accrual Reports

Consultant Accrual transactions appear on the Income Statement, Project Progress, Project Detail, Office Earnings, and Consultant Ledger reports.

### Consultant Accrual Reports

Consultant Accrual transactions appear on the Income Statement, Project Progress, Project Detail, Office Earnings, and Consultant Ledger reports.

- **Income Statement**: Consultant accrual transactions appear on the Income Statement with the expense accounts for which they were budgeted.
- **Project Progress**: When run at cost rates, this report includes consultant accrual journal entry transactions in the vendor's/consultant's job-to-date expenses. When run at billing rates, this report includes consultant accrual journal entry transactions with a billing extension. In either case, this report displays vendor/consultant budget and percent complete data by vendor/consultant or by expense account, depending on how you set up your vendor/consultant budgets.

  If you select the **Consultant Breakout** option on the Labor and Expense tab of the Report Options dialog box before you run the report, it displays consultant accrual transaction detail. Use this data to verify consultant accrual amounts.

- **Project Detail**: When run at cost rates, this report displays the consultant accrual journal entry transactions with the label **CONAC**. When run at billing rates, this report includes consultant accrual journal entries at billing rates.
- **Office Earnings**: This report includes Consultant Accrual journal entry transactions in the **Spent** column. DPS includes the amount from the **Spent** column in calculations of **Profit** and **Profit %**.
- **Consultant Ledger**: This report lets you track consultant accruals by project and vendor. You can run the report using a vendor summary or vendor detail format. If you select the vendor summary format and you have created budgets by vendor, the report includes a **Budget by Vendor** column. The amounts in this column can be updated on the Project Budget Worksheet. If you select the voucher format, the report displays the invoice on which the consultant voucher was billed and the invoice status: **PD** (paid), **NF** (not found), or **NP** (not paid). It also shows the budget amount.

# Processing Cycle

A processing cycle is a period of time during which transactions are entered, processed, and posted. Each cycle follows a regular sequence.

A processing cycle can refer to the sequence of transactions that you perform to complete a specific process (timesheets) or a series of processes (timesheets, payroll, billing) over a specified period of time.

At the end of the cycle, you can generate various reports from the transaction data posted during the cycle.

Typically, processing cycles are based on your enterprise's accounting periods. The order in which you process various types of data within an accounting period depends on your timesheet/ payroll processing periods, billing cycles, and reporting needs.

## Accounting Periods and Processing Cycles

An accounting period is a consistent unit of time that is used to record business activities and monitor profits. It provides a framework for measuring business activity and evaluating your enterprise's financial position.

Set up a processing calendar, which defines accounting periods, in **Utilities** » **Period Setup**. When you set up your processing calendar, indicate whether your accounting periods are monthly (12 periods per fiscal year) or every four weeks (13 periods per fiscal year). By knowing when new periods begin and end, DPS ensures that transactions are posted in the appropriate sequence and in the appropriate period.

### Open and Close Accounting Periods

At the end of one accounting period and at the beginning of a new accounting period, you must open the new period to begin processing in that period.

All posting and processing updates affect the period currently open when you process the transaction. The dates of the posting file or processing run do not determine the period that is affected.

- To open a new period, use **Utilities** » **Open New Period**. This utility lets you modify both accounting and fiscal periods. When you open a new period, the current period becomes the prior period.
- To close a period, use **Utilities** » **Period Setup**. Although it is not necessary to close a period, it is a good practice to close a period after you process all data and print all reports for the period.

### Audit Trail Implications

When you open a new accounting period, DPS records the opening of the period on the Posting Log Review report. The entry appears as an AL transaction type, indicating an audit log posting. Use this information to track all changes that update your database during an accounting period.

The AL transaction is recorded for the period in which you perform the action. For example, if you open a new period on June 30, 2017, for July 1, 2017, the AL transaction appears on the June Posting Log Review report (because you opened the new period in June, not July).

## Transaction Processing

During the course of a typical accounting period, your enterprise processes a variety of transactions that allow you to track and bill project expenses, process timesheets and generate paychecks, pay accounts due, allocate overhead, and generate revenue.

The types of transactions that you process and the order in which you process those transactions make up your processing cycle.

DPS includes applications and tools that make it easy for you to record and monitor all of your accounting transactions:

- Use the **Transaction Center** to record your day-to-day accounting activity, using a variety of data entry forms.
- Use the **Accounting** application to allocate overhead across the enterprise (and among organizations, if applicable) and to process labor cross charges, consultant accruals, and revenue generation.
- Use the **Billing** application to bill labor, expense, fees, and unit charges for all projects, as well as to generate invoices automatically.
- Use the **Payroll** application to generate employee payroll checks and direct deposits.
- Individual employees use the **Time and Expense** application to enter and submit timesheets and expense reports.

The tools available for transaction processing depend on the DPS applications that you use.

The accounting data from all posted transactions automatically flows through to your project records and reports for each accounting period. At the end of a period, you can generate various reports to assess the financial impact of your transactions on project budgets and performance as well as on corporate and/or organizational budgets and performance.

## Reporting at the End of the Processing Cycle

You should generate a set of final reports at the end of the processing cycle.

The reports that you typically run at the end of a processing cycle include the following:

- AR Aging Report
- Balance Sheet
- Income Statement
- Invoice Register
- Office Earnings
- Project Progress Report
- Vendor Schedule Report

## Backing Up Your Database

Backing up your database may be the most important maintenance task that you perform during a normal processing cycle. Maintaining a routine of daily (or even more frequent) database backups can minimize the need to re-enter data lost due to unforeseen circumstances.

You should also back up your database prior to processing certain types of transactions, specifically transaction postings and key conversions, because these transactions update your database.

## Monthly Processing Cycle Checklist

Most enterprises follow the same general steps during the monthly processing cycle.

### Timing of Steps

You can complete many processing cycle tasks, such as entering new employees or entering timesheets, at any time during the month and in any order. There are, however, several tasks that you must perform at a certain point in the processing cycle:

- **Open a New Period**: This is the first action that you need to perform in the monthly cycle.
- **Back Up Your Database**: You should back up your database before posting transaction files and processing key conversions.
- **Process Payroll**: You must post timesheets before you process payroll.
- **Run Overhead Allocation**: You must post all transaction files for the month before allocating overhead.
- **Close the Period**: This is the last action that you need to perform in the monthly cycle.

### Typical Monthly Processing Steps

| Step | Action | Description |
|---|---|---|
| 1 | Open a new period. | Use the Open New Period utility to open a new accounting period. This utility also allows you to modify both accounting and fiscal periods. |
| 2 | Enter new employees. | Use the Employees hub to maintain all employee information, including personal and accounting data, general descriptions of employee skills and experience, details about the customers and contacts with whom they are working, the opportunities and projects on which they are working, and related activities. |

| Step | Action | Description |
|---|---|---|
| 3 | Enter new clients. | Use the Firms hub to maintain all client information, including addresses, phone numbers, contact names, related activities, clients, and files, associations with employees, links to ongoing and completed projects, and details about future opportunities. |
| 4 | Enter new projects. | Use the Projects hub to maintain all project information, including project names and locations, project costs, estimated and actual completion dates, associated clients, contacts, and consultants, accounting information, details about the team members working on a project, project activity details, and related files and graphics. |
| 5 | Maintain unit information, if applicable. | Use the Units hub to maintain all unit information, such as mileage, survey crews, and lab tests. |
| 6 | Enter project budgets. | You can set up budgets for individual labor codes and expense accounts, at both cost and billing rates. You should enter percent completes periodically to reflect each project's current level of completion. That way you can monitor each project's cost in relation to its overall progress. |
| 7 | Enter/update percent completes. | Update percent completes to ensure that they are accurate for revenue calculations. |
| 8 | Enter project billing terms, if applicable. | If you have created and entered new projects, you need to enter the billing terms for those projects. |
| 9 | Enter timesheets. | Usually, timesheets are entered at the same frequency as payroll (weekly, biweekly, semi-monthly, or monthly). However, to receive accurate and up-to-date costing reports, you may want to have employees enter timesheets more often, especially if they are paid monthly.<br>If your enterprise uses DPS Time & Expense, employees should be encouraged to update and save timesheet data on a daily basis. |
| 10 | Run the Unposted Labor report. | Use the Unposted Labor report to review:<br>▪ All timesheet data in unposted transaction entry files. The code DE displays beside this data on the report.<br>▪ All Time & Expense timesheets that are in progress or submitted, but not posted. The code TK displays beside this data on the report. |
| 11 | Post timesheets. | Once you verify that your timesheet transaction file is in balance, post the file. |
| 12 | Process payroll. | Use DPS Payroll to process and post payroll. Or export payroll data to external payroll processing software for processing. |
| 13 | Enter other costs. | Use the Transaction Center to enter various types of transactions, including disbursements, expenses, invoices, and vouchers. |

| Step | Action | Description |
|---|---|---|
| 14 | Run Transaction List reports. | Transaction reports contain information about the transaction files that you create. Use them to check the validity of the data you entered. |
| 15 | Post other costs. | When you post transaction files, you make the data a permanent part of your database. Posting updates your general ledger, subsidiary ledgers, and project files, and allows you to generate up-to-date reports. You can post costs individually or all at one time. |
| 16 | Run Overhead Allocation. | Run Overhead Allocation to disperse year-to-date indirect expenses to all regular revenue-producing projects. |
| 17 | Review reports. | The appropriate employees should review Project Summary reports, Project Progress reports, draft invoices, and other reports. |
| 18 | Run Revenue Generation. | Revenue Generation calculates the job-to-date revenue earned by each project, letting you compare job-to-date revenue and expenses. |
| 19 | Review the Posting Log Review report. | The Posting Log Review Report lists all of the posting logs generated during the current period, regardless of the transaction type. |
| 20 | Review/generate month-end reports. | The appropriate employees should review the following reports and ensure that the information is correct.<br>▪ AR Aging Report<br>▪ Balance Sheet<br>▪ Income Statement Report<br>▪ Invoice Register Report<br>▪ Office Earnings Report<br>▪ Project Progress Report<br>▪ Vendor Schedule Report |
| 21 | Close the period. | By closing a period when you have finished processing all transactions for the period, you ensure that new charges are not posted to that period by mistake. |

## Opening New W-2 Quarters and Absence and 1099 Years

Use the Utilities application to open new W-2 quarters, absence years, and 1099 years.

### Opening W-2 Quarters and Absence Years

If you use DPS Payroll, your processing cycle includes opening new W-2 quarters four times each year and opening a new absence year whenever you need to start tracking employee time earned and taken for a new absence year.

### Open New W-2 Quarter

Perform quarterly W-2 initialization at the end of each calendar quarter. You must open a new W-2 quarter prior to processing the first payroll in that quarter. You can print a 940 Worksheet (if necessary), 941 Worksheet, State Unemployment Worksheet, and Quarterly State Income Tax Worksheet at any time for any quarter.

Opening a new W-2 quarter affects payroll data only. It does not affect any other data.

Use **Utilities** » **Open New W-2 Quarter**.

### Opening New Absence Years

Open a new absence year whenever you need to start tracking employee time earned and taken for a new absence year. You can have only one active absence year. You cannot have different active absence years for different employees.

Opening a new absence year zeroes out all employees' year-to-date absence totals, including year-to-date hours earned and taken. The current year's ending balance for a benefit plan becomes the starting balance for the new year.

Opening a new absence year affects absence data only; it does not affect any other data.

Use **Utilities** » **Open New Absence Year**.

### Audit Trail Implications

When you open a new W-2 quarter or a new absence year, DPS records the activity on the Posting Log Review report as an **AL** transaction type, indicating an audit log posting. This information can be used as an audit trail to track all changes that update your database in an accounting period.

### 1099 Initialization

Form 1099 is a tax form used to record your payments to vendors over the course of the year. DPS stores 1099 payments by vendor for both the current 1099 year and the prior 1099 year.

Before you begin to process vendor payments for a new 1099 year, you must perform a 1099 initialization.

When you initialize 1099 data, DPS does the following:

- Clears out data from the previous year so that you can start accumulating data for the new year.
- Stores the previous year's activity for 1099 processing.

You should perform this type of initialization whether or not you intend to produce 1099 forms.

Use **Utilities** » **1099 Initialization**.

# Work Breakdown Structure

A work breakdown structure (WBS) divides each of your projects into distinct, manageable work elements in a way that balances management needs with the need to collect an appropriate and effective level of project data.

A well-planned work breakdown structure is integral to successful project proposals, planning, scheduling, budgeting, and reporting.

Your DPS work breakdown structure impacts the following:

- The value that you receive from the data that you store
- The ability to leverage past work to generate new business
- The ability to improve job performance based on past experience
- The ease and quality of knowledge sharing among groups in your company
- The quality of service and level of reporting and billing customization that you can provide to your clients

## Four Key Components

Four key components make up the DPS work breakdown structure. Together they provide a comprehensive tracking and reporting system for cost and revenue information. Before you set up your work breakdown structure, you should understand how each of the four components work together to provide a structure that gathers and reports information to meet your internal and external reporting needs.

The four components are:

- The organizational (or profit center) structure.
- The project structure.
- The labor code structure for labor cost.
- The chart of accounts structure for expenses.

DPS project plans can also have a work breakdown structure. Since plans can be converted to projects, it is important to understand how the planning work breakdown structure and the project work breakdown structure relate to each other.

In addition to the key components of the work breakdown structure, DPS includes other codes, such as client numbers, whose structure you must plan before you start to use DPS. Because DPS is an integrated system, you should consider your work breakdown structure when developing other numbering structures.

## Implementation Decisions

At the enterprise-wide level, specify the following during installation and setup:

- Maximum number of work breakdown structure levels that can be used for any project (up to three)

  When you install DPS, the default work breakdown structure has only one level: project. If you want to add a second or third level, activate phases, or phases and tasks. Use the Key Formats utilities (**Utilities** » **Key Formats**) to activate one or both of those levels by specifying the lengths of the phase and task numbers.

- Labels to use for each level
- Format of the values for each level, including maximum lengths and number of delimiters
- The use of leading zeros so that project numbers have a uniform length

### Considerations in Planning the Work Breakdown Structure

Keep these considerations in mind when planning your work breakdown structure:

- **Contract stipulations**: You must consider your enterprise's contractual obligations for billing and reporting when planning your work breakdown structure. For example, if your contracts require that you create separate invoices for expense and labor, or that you bill labor and expense at separate times (for example, monthly for labor, weekly for expense), then you must use project delimiters in your work breakdown structure to track a project's expense and labor separately.
- **Organization structure of your company** : You must consider your company structure and the way in which different departments or offices work together. For example, if your enterprise has multiple business units that must track costs and expenses individually, and that will collaborate on the same project, you could configure organization codes to represent each office, and then associate the appropriate work breakdown structure levels with the appropriate office for costing and revenue purposes.
- **Applications that you use** : Your information needs may change depending on the DPS applications that you use.
- **Needs of various roles within your company** : Different groups within your company, such as marketing, project management, project planning, and accounting and finance, have different needs for project information. You must consider the information each group needs when planning your work breakdown structure.
- **Internal and external reporting needs**: Internal reporting needs include project reporting and budgeting data; marketing and other indirect cost data; information on employee utilization; and general ledger reporting data, enterprise-wide and by organization. External reporting needs include billing and progress reports for clients.

### Who Plans the Work Breakdown Structure?

The DPS work breakdown structure is an important tool for many people throughout your enterprise, from the marketing professional trying to win a new job, to the project manager planning a project, to the accounting professional making sure that the client is properly billed for the work done.

Because the needs of the accounting professional are often precise and dependent on the data collected and managed by the project manager, it is important that an accounting representative and a project management representative are involved when planning your enterprise-wide work breakdown structure. You may also want someone to provide a marketing perspective.

### Terminology

The DPS default term for work done by your enterprise is "project." You can use another term, such as case or job, instead. To tailor this and other standard labels to meet your needs, use the Labels tab in **Settings** » **General** » **General System** or use the Design actions in hubs.

### Transaction Recording and Work Breakdown Structure Levels

All transactions are recorded at the lowest level available for an individual work breakdown structure. For example, transactions are recorded at the task level for a project with three-levels of work breakdown structure (project, phase, and task).

### Reporting and WBS Levels

You can run reports at any level of the work breakdown structure. For example, you can run a report at the phase level for a project with three levels of work breakdown structure.

## Accounting and the Work Breakdown Structure

If you use the Accounting or Time & Expense applications, a well-planned work breakdown structure can help you track and measure important information about the project, such as the parts of a project that an employee worked on, and for how long.

A well-planned work breakdown structure will help with:

- Assigning labor costs to the right employees and projects.
- Assigning expenses to projects.
- Providing ccurate and tailored client invoices.

Even if you do not use the Accounting or Time & Expense applications, you should consider the needs of your accounting department for project billing and assigning expenses to projects when creating your enterprise-wide work breakdown structure.

### Accounting Requirements

Your accounting staff has the following requirements of a work breakdown structure:

- The ability to meet contractual billing needs, such as determining whom should be billed, what billing methods and terms to use, who performed the work, and when clients should be billed.
- Detailed expense information, including how expenses should be applied to the project as a whole or to its individual components.
- Detailed labor information, such as who worked on a project, how long each person worked, and what to pay the individual.
- An easy, efficient, accurate way to get data from project managers.
- A balance between the need to record information for general ledger purposes and project management's need to manage the project.
- A structure that is manageable. Can employees reasonably track their time at the levels that you are defining?
- A flexible structure to accommodate most of your billing requirements.

Your accounting staff does not want the following:

- A structure too simple to capture the required data.
- A structure so complex that it becomes hard to extract and manipulate the required data.
- The project manager to be a bottleneck for important information.

## Marketing and the Work Breakdown Structure

Marketing professionals want to generate proposals that leverage data from past projects, such as project descriptions and the credentials of people who worked on the account or project. Your work breakdown structure should support these needs.

Marketing professionals need to be able to:

- Use existing project data stored for project management or accounting purposes. Typically, the marketing professional must work with an established work breakdown structure that contains more detail than he or she needs. The marketer must be able to extract needed data from the existing structure.
- Create new promotional projects for use by marketing only. They can do the following:
  - Create a one-level work breakdown structure for every project or every marketable piece of work.
  - Break a large project down into smaller components (or phases and tasks), creating multiple levels of work breakdown structure. Then market the work done on separate components while still maintaining the relationship of the components. For example, if your enterprise built the entire John Hancock Center, but you want to market the gift shop inside as a separate project, you can create a work breakdown structure that allows you to save the entire project as the John Hancock Center, and save one of the components (or phases) as the gift shop.

### Marketing Requirements

Your marketing staff has the following requirements of a work breakdown structure:

- Summarized data that highlights the most successful and most attractive aspects of past projects, including descriptions and lists of experienced personnel who worked on projects.
- Easy creation of proposals from stored data.
- For projects that both accounting and marketing use, the ability to retrieve and report on information at a detail or summary level of the work breakdown structure.

Your marketing staff does not want the following:

- The level of detail required by project management and accounting.
- The constraints of a complex or detailed work breakdown structure that requires a high learning curve and time-consuming data entry.

## Work Breakdown Structure Components

TheDPS work breakdown structure includes four main components: organizations, work breakdown structure levels, labor codes, and accounts.

### Naming Conventions

The information on this page uses the DPS default names for work breakdown structure and other elements, including "project," "phase," "task," "organization," "labor code," and "account."

However, you can change these names to meet your business requirements. For example, you might make changes such as these:

| Level | Default Label | Alternate Ex. 1 | Alternate Ex. 2 |
|---|---|---|---|
| One | Project | Client | Matter |
| Two | Phase | Engagement | Task |
| Three | Task | Event | Deliverable |

Once you make naming changes, these changes flow through the DPS user interface and the online help.

### Organizations

Organizations are companies, divisions, departments, or business units, in one or more locations, practicing one or more disciplines, that incur expenses or generate revenue for a larger enterprise.

You can have up to a five-level organization code structure. The total length is up to 14 characters, including any delimiters.

### Work Breakdown Structure Levels: Projects, Phases and Tasks

You can configure a project with up to three levels of detail, each with its own numbering structure and attributes. You can use delimiters to further divide each of these levels.

Each level can have its own attributes, including:

- Contract value
- Organization
- Project manager and principal
- Revenue method
- Start and end dates
- User-defined field values

Work breakdown structure level values are hierarchical, meaning the level two number is one delimiter greater than the level one number, and the level three number is one delimiter greater than the level two number. You must have a level one number to have a level two number, and a level two number to have a level three number.

For example:

| Level | Number |
|---|---|
| Project Number | **9300.** |
| Phase Number | 9300.**01** |
| Task Number | 9300.01.**01** |

Each level has a minimum and maximum number of characters:

| Level | Default Label | Maximum Length | Minimum Length |
|---|---|---|---|
| One | Project | 30 characters, including two delimiters | 3 characters |
| Two | Phase | 7 characters, including one delimiter | 1 character |
| Three | Task | 7 characters, including one delimiter | 1 character |

For any given work effort, you do not have to create a balanced work breakdown structure tree of projects, phases, and tasks.

### Projects

Projects are your individual jobs.

When you use the DPS Accounting, Billing, or Time and Expense applications, all of the work that your enterprise does and all of the money that it spends and receives is associated with specific projects.

A project can be any of the following:

- A regular, revenue-producing job.
- A way to collect overhead information. For example, when your payables clerk spends the day making payments to vendors, the clerk charges that labor to an overhead project. Other overhead collection projects may include a Vacation project, a Sick project, or a General Overhead project.
- A way to collect and track information and resources associated with a marketing campaign.
- If you use Organization Reporting, a project can be a way to guide non-project-related transactions to the appropriate organization's balance sheet accounts.

Depending on which DPS applications you use, project numbering can be closely related to opportunity numbering and plan numbering. This occurs because you can create projects from both opportunities and plans.

### Phases and Tasks

You can further divide, organize, and track a project's work using delimiters and/or using phases and tasks.

Use phases and tasks to break out the individual segments of a project and track financial results and profitability by each individual segment. Phases and tasks are used typically for internal purposes. You cannot bill phases and tasks individually.

### Delimiters

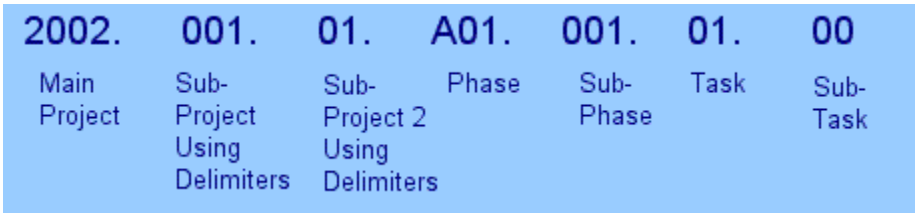
A delimiter is a divider, such as a period or semi-colon, that separates one segment of a number from another. You can use delimiters in your project numbers, phase numbers, and/or task numbers.

- **Project delimiters**: These delimiters are used to create up to two additional levels of structure for your project, which you can bill individually. The sub-projects that you create with delimiters are similar to phases and tasks, except that you can bill delimiter sub-projects individually.
- **Phase or task delimiters**: These delimiters are used to create a structure below the phase and task level to capture more detail. You cannot bill phases or tasks individually.

Valid delimiters are:

- . (period)
- : (colon)
- - (dash)

If you use project, phase, and/or task delimiters as well as phases and tasks, you can have up to six delimiters and seven segments in your work breakdown structure number. For example:




### Labor Codes

Labor codes classify the work that your employees do. They classify work on a project, phase, or task in categories, or levels, that you define, such as department, progress, service, or staff level.

You can use a labor code to identify any of the following items:

- The department associated with a labor charge.
- The project phase or segment associated with a labor charge, if you only want to budget labor for a particular aspect of a project and don't need to set up a work breakdown structure phase.
- The service provided by the employee.
- The staff level of the employee.

Unlike a set of phases or phases and tasks, which you define on a project-by-project basis, your labor codes are established on an enterprise-wide basis. The same set of labor codes apply to all of your projects.

You do not have to use labor codes. Without labor codes, your work breakdown structure may still contain enough information to meet your administrative needs for tracking work on a project. If you decide to use labor codes, they are required with all timesheet transactions, to identify each hour of labor.

Labor codes can have up to five levels, with 14 characters total.

No standard labor codes come with DPS.

### Accounts

Your general ledger accounts track the expenses incurred by projects. Whenever you post data, the accounts in the general ledger are affected by the posting.

The length of your account numbers can be up to 11 characters, including one delimiter. The minimum length is three characters. The default is six characters with a period (.) as a delimiter in the fourth position (for example, 123.45)

DPS comes with a standard chart of accounts designed to meet the accounting needs of most enterprises. You can use this chart of accounts as is or modify it to meet your needs.

## Changing Default Number Formats

If you decide to change the default structure of certain numbers or codes in DPS, use the Key Format utility to make these changes. You can change the length of the code, specify a delimiter, and specify a delimiter position.

Select **Utilities** » **Key Formats** to use the utility.

The changes that you make with the Key Formats utility apply to all of the data in your database in current, future, and prior periods.

You should back up your database before you change any key format. You **cannot undo** key format changes.

Use the Key Formats utility to change the following numbers and codes:

- Accounts
- Clients
- Employees
- Projects
- Phases
- Tasks
- Units
- Organizations
- Labor codes
- Vendors
- Reference numbers

## Comparing Uses for Work Breakdown Structure Components

Before you decide which work breakdown structure components to use, make sure that you understand the differences between these components.

### Naming Conventions

The information on this page uses the DPS default names for work breakdown structure and other elements, including "project," "phase," "task," "organization," "labor code," and "employee."

However, you can change these names to meet your business requirements. For example, you might make changes such as these:

| Level | Default Label | Alternate Ex. 1 | Alternate Ex. 2 |
|---|---|---|---|
| One  | Project | Client | Matter |

| Level | Default Label | Alternate Ex. 1 | Alternate Ex. 2 |
|---|---|---|---|
| Two | Phase | Engagement | Task |
| Three | Task | Event | Deliverable |

Once you make naming changes, these changes flow through the DPS user interface and the online help.

### Comparison of Components

| WBS Component | Used for Billing | Used for Cost and Expense Reporting | Used for Labor Budgeting | Set Firmwide |
|---|---|---|---|---|
| **Project numbers** | Yes | Yes | Yes | No<br>Set at the project level |
| **Project delimiters** | Yes<br>Project delimiters let you break project work into sub-projects, similar to phases or tasks. The key difference is that you can bill work on an individual sub-project, but you cannot bill work on an individual phase or task. | Yes | Yes | No |
| **Phases and tasks** | No<br>You cannot bill phases or tasks individually, but you can show them separately on the project invoice. | Yes | Yes | No<br>Set at the project level |
| **Phase or task delimiters** | No<br>You cannot bill sub-phases or sub-tasks, but you can show them separately on the project invoice. | Yes | Yes | No |
| **Labor codes** | Yes<br>Labor codes are typically used only for internal budgeting or | No | Yes<br>Labor codes are often used for budgeting. | Yes<br>Labor codes are set on an enterprise- |

| WBS Component | Used for Billing | Used for Cost and Expense Reporting | Used for Labor Budgeting | Set Firmwide |
|---|---|---|---|---|
| | planning purposes. However, some enterprises choose to base labor billing amounts on labor codes. If you bill labor based on activity rather than based on employee or employee level, you may want to use labor codes. | | You cannot track expenses or costs, or attribute work to a particular project manager using labor codes. | wide basis. You select from the same set of labor codes for each project. |

## Organization Reporting

Use the Organization Reporting application to track the performance of individual "organizations" in your enterprise. Similar to profit centers, these separate organizations are business units that incur expenses and/or generate revenue. For example, if your enterprise is divided into regions and offices, you may create a separate organization for each region and office, and maintain information for each of these segments of your business.

With Organization Reporting, each transaction that you enter in DPS is linked to the organization or organizations responsible for that transaction. With transactions linked to organizations, you can generate financial statements, project reports, and other reports for a single organization, a group of organizations, or all of your organizations.

**Important**: If your only activated modules are CRM and/or Resource Planning, you set up organizations in the browser application (in **Settings** » **General** » **Organization**). See Organizations (CRM or Resource Planning) for details.

If you have any other modules in addition to CRM or Resource Planning, you set up Organization Reporting in **Settings** » **Organization** in the desktop application. See Organization Setup for details.

### General Ledger Postings

When you use Organization Reporting, each project and employee in your database is assigned to an organization. As transactions are processed, DPS updates the appropriate general ledger accounts based on the project and/or employee referenced in the transaction's detail lines.

Organizations are never referenced explicitly in transaction entry. They are always derived from the project and/or employee entered in the transaction file.

All organizations within your enterprise use the same chart of accounts. DPS uses all transactions processed for each organization's employees and projects to create separate Balance Sheets and Income Statements for each individual organization.

When you run a consolidated Income Statement or Balance Sheet, transaction activity for all organizations is reflected in the totals. This makes the impact of using Organization Reporting minimal for your accounting staff. All organizations charge the same general ledger accounts. Implementing Organization Reporting creates no extra data fields.

### Example of a Transaction Posting

- In the Projects hub, project 200BC02.00 is assigned to the organization Boston Architecture.
- In the Projects hub, project 200SE05.00 is assigned to the organization San Francisco Architecture.
- A voucher is processed for printing and reproduction costs related to each of these projects.

| Project | Expense Account | Amount |
|---|---|---|
| 200BC02.00 | Account 526.00 | $100.00 |
| 200SE05.00 | Account 526.00 | $225.00 |

After you post your transactions, your organization and corporate "T" accounts display the following data:

#### Boston Architecture

| Expense 526.00 | Accounts Payable 210.00 |
|---|---|
| $100.00 | $100.00 |

#### San Francisco Architecture

| Expense 526.00 | Accounts Payable 210.00 |
|---|---|
| $225.00 | $225.00 |

#### Corporate (Consolidated)

| Expense 526.00 | Accounts Payable 210.00 |
|---|---|
| $100.00 | |
| $225.00 | $325.00 |

### Names of Organizations

By default, DPS calls your entities "organizations" wherever such a label appears on screens or reports. You can opt to give them a different name, such as profit centers, cost centers, or business units.

## When to Use Organization Reporting

Consider using Organization Reporting if your enterprise includes multiple units that operate independently in certain important respects.

Consider using Organization Reporting if:

- You have organized your management and work force into business entities that are responsible for their own revenue and expenses, and you need to measure the performance of these entities.

- You want to print financial statements, project reports, and employee reports for an individual organization, as well as consolidated reports for the entire enterprise.
- Your enterprise includes multiple companies and you need to maintain separate balance sheets for those companies.
- Employees from different organizations charge their time to other organizations and you want to track the cross-charges between the organizations.
- You are currently using the user-defined fields in DPS to split your enterprise into different categories and you need a more sophisticated reporting system than that method provides.

## Organization Reporting Setup Checklist

When you install Organization Reporting, you must make certain strategic decisions.

| Decision that you need to make: | See topics about: |
|---|---|
| How many organization levels will we use and what will they represent? | Organization Reporting Structure |
| What will our subcodes be? | Organization Reporting Structure |
| Will we maintain separate Balance Sheets for each organization? | Separate Balance Sheets |
| How will we account for labor cross-charges between organizations? | Labor Cross Charge |
| How will we allocate overhead among organizations? | Overhead Allocation |

You set up the Organization Reporting feature in **Settings** » **Organization**.

## Organization Reporting Structure

Use Organization Reporting to divide your enterprise into distinct units and track data separately for each unit.

You can track both project and financial data separately. This enables you to monitor the profitability of your business more effectively, because you can get a financial snapshot of each organization and compare that snapshot to the performance of your enterprise as a whole.

Before you begin using the Organization Reporting application, you should consider the following questions to determine what structure will most effectively support your needs:

- What levels of performance do you want to track?
- How will subcodes be set up to identify organizations?
- Are any label changes necessary?

One way to use Organization Reporting (assuming that your enterprise has several branch offices) is to set up organizations by location. For example:

- An enterprise with offices in Boston and San Francisco could set up two distinct organizations to identify the offices: Boston Office and San Francisco Office.

- An enterprise with clusters of offices in the northeastern and southeastern United States could set up two distinct organizations to identify the regional offices: Northeastern District and Southeastern District.

Organization Reporting is also used to track business transactions by discipline or function. For example, you could divide an enterprise with three disciplines (Architecture, Engineering, and Environmental Consulting) into three organizations. And, you could divide an enterprise with a single office into three organizations (Sales, Administration, and Support).

After you set up your organization structure, you can view project reports, track financial transactions, and assess profitability for each organization.

**Important**: If your only activated modules are CRM and/or Resource Planning, you set up organizations in the browser application (in **Settings** » **General** » **Organization**). See Organizations (CRM or Resource Planning) for details.

If you have any other modules in addition to CRM or Resource Planning, you set up the Organization Reporting structure in **Settings** » **Organization** in the desktop application. See Organization Setup for details.

### One-Level or Multi-Level Organization

Depending on the size and complexity of your enterprise, you can create a fairly simple or more complex organization structure. For example, a small enterprise may opt for a simple, one-level structure to track its two branch offices. Or, the same enterprise may set up a two-level organization structure to simultaneously track branch offices and disciplines. A larger enterprise may want to track regions, offices, and disciplines. They would need a three-level organization structure.

With a multi-level organization structure, you determine the various combinations of regions, offices, and disciplines that make up valid organizations. DPS can accommodate up to five organization levels, although most enterprises need only one or two levels. The number of organization levels that you need will depend on your enterprise's structure and the level of detail that you require.

You use subcodes to identify each organization level that you set up.

### Examples

These are some of the ways in which you could divide your enterprise into organizations:

- Cities where offices are located (Boston, Atlanta, San Francisco).
- Regions where clusters of offices are located (Northeast, South, Midwest).
- Business functions or types of practice (architectural, engineering, environmental).
- Corporate structure (professional corporation, partnership, subsidiary).
- Companies (XYZ Corporation, ABC Corporation, 123 Corporation).

You could also combine any of these organization levels to create a multi-level organization structure:

- Companies/Regions/Cities
- Corporate Structure/Regions/Business Functions

## Separate Balance Sheets by Organization

As part of setting up DPS, you must decide whether or not you want to maintain the data needed to print a separate Balance Sheet for each organization.

If you use Organization Reporting, DPS tracks and stores the financial data needed to generate a separate Income Statement for each organization, and the information needed to create a consolidated Income Statement for the entire enterprise. However, it does not track and store the financial data needed to generate a separate Balance Sheet for each organization. Instead, it tracks and stores this data on an enterprise-wide basis.

- To maintain separate Balance Sheets for each organization, you must enter a project number for every transaction that affects Balance Sheet accounts. DPS uses the project number to determine what organization should receive the posted transaction, and accumulates a different set of data for each organization's Balance Sheet accounts.

  If you use this method, you can print a separate Balance Sheet for each organization, or combine the data to create a single enterprise-wide report.
- If you do not want to maintain separate Balance Sheets for each organization, you must establish a default organization. This default organization accumulates all explicit and implicit postings to Balance Sheet accounts. You do not need to enter a project number when you enter a transaction that affects a Balance Sheet account.

  When you print a Balance Sheet, it is a single enterprise-wide report using the data posted for the default organization.

### Accounts Affected

The rules described above apply to the traditional Balance Sheet accounts: Assets, Liabilities, and Net Worth. These are accounts 100.00 to 399.99 in the standard chart of accounts. These rules also apply to the Other Revenue and Expense accounts, devoted to "below the line" financial activity. These are accounts 800.00 to 999.99 in the standard chart of accounts.

### Bank Codes and AP Liability Codes

To maintain separate Balance Sheets for each organization, you must also link each of your bank codes and each of your AP liability codes to a specific organization.

## Non-Operating Organizations

All enterprises have some enterprise-wide revenue and expenses that are not associated with any organization; for example, professional liability insurance, senior management salaries, or rental income.

To accumulate and track this enterprise-wide data, you can establish a General or Corporate organization within your organization structure. The General or Corporate organization is considered a non-operating organization, because it is not associated with any regular, revenue-producing projects.

Setting up a Corporate or General organization can help you better track and analyze the profitability of your organizations within the enterprise-wide structure.

## Organization Labels

By default, DPS uses the label "organization" wherever your individual business entities appear on screens or reports. During setup, you can change the default "organization" label for your enterprise. For example, you may want to call your organizations "business units."

If your organization structure has multiple levels, the overall label that you choose for Organization Reporting will apply to the combination of levels that make up the individual organizations. In addition, each organization level has its own label, which you can also rename. By default, the individual levels of organization structure are titled Organization Level 1, Organization Level 2, and so on.

### Example

The following table shows a possible set of user-defined organization labels.

| Organization Default Label | User-Defined Label |
|---|---|
| Organization | Profit Center |
| Organization Level 1 | Region |
| Organization Level 2 | Office |
| Organization Level 3 | Discipline |

## Organization Subcodes

When you set up Organization Reporting, you must set up separate subcodes for each level in your organization structure. You can then combine the subcodes to create the codes that identify your organizations.

The subcode structure determines how DPS tracks project and accounting information in the general ledger, and how you can access and organize this information on project reports and financial statements.

Each of your subcodes can contain up to 14 letters or numbers. If your enterprise has a multi-level organization structure, you then combine subcodes from different levels to create valid organizations. Valid organizations are multi-code combinations: individual subcode levels that are separated from one another by colons.

You set up subcodes in **Settings** » **Organization** » **Codes**.

### Example

The first level of your organization structure represents your enterprise's offices. You give each office a unique two-character subcode, such as:

**CO** Corporate

**BO** Boston

**CH** Chicago

**LV** Las Vegas

The second level of your organization structure represents the business disciplines within each of your offices. You give each discipline a three-character subcode, such as:

**GEN** General

**ARC** Architecture

**ENG** Engineering

**ENV** Environmental

When you put the subcodes together, you can track two-level entities, such as:

**CO:GEN** Corporate/General

**BO:ARC** Boston/Architecture

**CH:ENG** Chicago/Engineering

**LV: ENV** Las Vegas/Environmental

Because you can have up to five organization levels, you can have up to five subcode levels. For example, **NA:CA:MO:09:04** uses five subcodes to identify one organization (North American Division, Canadian Operations, Montreal Office, Department 9, Discipline 4).

### Valid Subcode Combinations

As part of setting up Organization Reporting, you must tell DPS that a particular combination of subcodes represents a valid organization. You do this in the Setup application or in **Settings** » **Organization** » **Individual**.

For example, you can identify **CH:AR:01** as a valid combination that represents an existing organization. You can then enter this subcode anywhere that organizations are used in DPS.

If you have not identified a particular set of subcodes as valid, you cannot use that combination.

## Multiple Companies

If your enterprise is made up of multiple legal entities, you can use the Multicompany application to track all of your companies in a single database. You will have a comprehensive view of the transactions, interactions, and activities of all the companies in your enterprise and can track intercompany transactions, including intercompany billings.

### Features

You can:

- Track an unlimited number of separate companies using a single database.
- Operate DPS using data for one company, then switch to another company without logging off and on.
- Set up projects so that different phases and tasks are owned by different companies.
- Establish business rules at both the enterprise level and at the company level, allowing for consistent and meaningful enterprise-wide reporting, as well as flexibility at the company level.
  - In general, you establish business rules and structures at the enterprise level. For example, you establish the work breakdown structure, the chart of accounts structure, and the organization structure at the enterprise level.
  - Then, on a company-by-company basis, you establish the project, account, and organization records that fulfill each company's needs.

- Set up role-based security between and within companies.
- Share resources across company boundaries, thus keeping employees fully utilized while balancing competing project needs.
- Produce consolidated reports that include data from many or all of the companies in the enterprise.
- Combine the use of multiple companies with the use of multiple global currencies.

### Unique Record Identifiers

Each record key, such as a project number, account number, or transaction file name, must be unique across the enterprise.

## Security and Multiple Companies

When you use track multiple companies in DPS, you can use security settings to limit your employees' access to specific companies' data.

On the Access Rights tab of **Settings** » **Security** » **Roles**, specify whether the employees in a security role have access to one company or to multiple companies. An employee with access to multiple companies can select a company at login and later switch to a different company during any DPS session.

### Access to Create Accounts

To create new accounts in the chart of accounts, an employee must belong to a security role with access to **all** companies in the enterprise.

### Access to Projects and Accounts

You can also specify which companies can charge to a specific project and which companies can charge to a specific account.

## Terminology Used with Multiple Companies

The DPS online help and user interface use standard terms to describe the multiple company environment.

### Enterprise

The enterprise is the umbrella under which multiple companies operate. You can think of the enterprise as the parent company. Settings at the enterprise level support cross-company transactions and reporting.

At the enterprise level, above all of the companies, establish the following settings:

- Work breakdown structure ( WBS). Phases and tasks within a project can be owned by different companies.
- Fiscal calendar.
- Chart of accounts structure. However, individual accounts can be established by company.

- Organization structure. Individual companies can be divided further into organizations (such as branch offices, regions, or disciplines) whose revenue and expense are tracked separately.
- Employee, vendor, and client records, which you enter through the hubs.

### Company

The company is the highest level of the organization structure below the enterprise level. Each company is a separate legal entity and sets its own business rules.

For example, within the chart of accounts structure established at the enterprise level, each company can set up accounts specific to its needs.

Individual companies might also be divided further into organizations or profit centers (for example, branch offices, regions, or disciplines) whose revenue and expense and, therefore, performance, are tracked separately.

### Active Company

The company that you select at login, or when you switch to a different company, is the active company. The active company is also known as the current company.

The active company determines:

- Which company owns transactions. In general, records belong to the company that was active when the records were created.
- Which transaction files are available for you to review, edit, and post.
- The accounts payable vouchers that you can review or submit.
- The vendors available for use in accounting applications.
- Which accounts are available for charging.
- Which projects are available for charging.
- The list of currencies enabled, if you use multiple currencies.

Use **Utilities** » **Change Company** to switch to a different company.

### How to Determine Which Company is the Active Company

The name of the active company displays in the title bar at the top of the screen.

### Employee Home Company

When you track multiple companies in DPS, you use the **Home Company** field in Summary pane of the Employees hub to assign an employee to a home company.

The home company identifies the company that an employee currently works for. If an employee works for multiple companies, it does not matter which of the multiple companies you assign as the employee 's home company.

After you specify the employee's home company, you can associate the employee with additional companies as needed in the Employees hub by clicking **Other Actions** in the Action bar, and then select **Associate with New Company**. A new employee record is created for the company that you associate the employee with. You specify the employee's organization, pay rate, account, and

timesheet information for each associated company. DPS can then process transactions and reports for each company using the appropriate organizations, pay rates, accounts, and timesheet information for the employee.

After you associate an employee with another company and save the employee record, the drop-down list in the **Home Company** field now includes that company that can be selected as the employee's home company.

### Initial Company

When you first enable the Multicompany application, DPS converts your existing database to support multiple companies and creates the initial company.

- If you have a single DPS database, all data in it belongs to the initial company.
- If you have more than one DPS database, the initial company receives all data in the database that you selected when you logged into DPS immediately prior to enabling the Multicompany application.

When you enable the Multicompany application, you establish a new first-level code at the top of your organization structure. This new first-level code is the identifier for the initial company.

After you create the initial company, you can add more companies.

### Example

For example, assume that you create a new first-level code for your organization structure. This organization code (DELTEK) represents the initial company.

Existing organization codes are pushed down a level to accommodate the company code:

| Before | | | After | | |
|---|---|---|---|---|---|
| **Level** | **Label** | **Codes** | **Level** | **Label** | **Codes** |
| 1 | Office | BOS<br>SAN | 1 | Company | DELTEK |
| 2 | Discipline | ADM<br>ARC<br>ENG | 2 | Office | BOS<br>SAN |
| | | | 3 | Discipline | ADM<br>ARC<br>ENG |

## Hub Access and Multiple Companies

When you track multiple companies, some hub data is available to all companies at all times, and other hub data is restricted to specific companies.

Information will be provided in a future release.

### Unique Identifiers Required

Because hub records can be shared across the enterprise, each record key must be unique across the enterprise.

For example, if you try to enter a project number that is already in use for another project in another company, you receive an error message reminding you that the project number must be unique.

| Hubs | Company Access |
|---|---|
| **Accounts** | By default, each account that you create is unavailable to any company, including the active company, until you specify access rights for it. Therefore, you need to specify company access for each account that you create.<br>You specify access in **Settings** » **Accounting** » **Chart of Accounts**. You can add new accounts only if you belong to a security role that has access to all companies set up in DPS.<br>▪ To make the account available globally, select the **Available to All Companies** option.<br>▪ To specify access on a company-by-company basis, use the Company Access grid to select the companies that should have access. |
| **Boilerplate** | Boilerplate records are available to all companies. |
| **Clients** | Client records are available to all companies. |
| **Contacts** | Contact records are available to all companies. |
| **Employees** | In the Employees hub, your ability to access employee records depends on your security settings for accessing the Accounting, Payroll, Time, and Expense tabs.<br>▪ If you have access to one or more of these tabs, you can select employees and add new employees for the active company only. To see records for other employees in the enterprise, use **Utilities** » **Change Company** to switch to a different company.<br>▪ If you do not have access to any of these tabs, you can select and view employees from multiple companies at the same time, no matter which company is currently active.<br>For each employee, you must specify an organization in the **Organization** field on the General tab of the Employees hub. The active company determines which organizations are available.<br>The active company determines which:<br>▪ Payroll withholdings are available on the Payroll tab.<br>▪ Employee groups are available on the Time and Expense tabs.<br>In other areas of DPS, you can see employee records from all companies in the enterprise. |

| Hubs | Company Access |
|---|---|
| | **Activities and Calendars**<br>The Calendar and Activity Manager enable employees from different companies to share calendars, schedule meetings with one another, and share information about activities. |
| **Leads** | Lead records are available to all companies. |
| **Marketing Campaigns** | Marketing campaign records are available to all companies. |
| **Opportunities** | Opportunity records are available to all companies. |
| **Projects** | For each project, you must specify an organization in the **Organization** field on the General tab of the Projects hub. The active company determines which organizations are available.<br>By default, project records are available to all companies. However, you can restrict, by company, the ability to charge labor and expenses to a project.<br>You restrict access on the Accounting tab of **Hubs** » **Projects**. Select the **Restrict Charge Companies** option, then select the companies in the enterprise that can charge labor and expenses to the project. |
| **Units** | Unit records are available for the active company. To see other units, go to **Utilities** » **Change Company** to switch to a different company. |
| **Vendors** | Vendor records are available to all companies.<br>However, to see accounting data on the Accounting tab of the Vendors hub, the active company must be the same company that was active when the vendor record was created. If this is not the case, the vendor is not available for accounting applications, including Transaction Entry, in that company.<br>This restriction allows multiple companies in a single enterprise to use the same vendors while simultaneously preserving the ability of each company to establish its own accounting-related settings for the vendor. These settings include default payment terms and expense accounts, discount codes, Value Added Tax (VAT) and Goods and Services Tax (GST) tax code information, Federal ID numbers, and 1099 data.<br>To see accounting data for vendor records belonging to a different company, go to **Utilities** » **Change Company** to switch to a different company. |

## Organizations and Multiple Companies

If your enterprise uses Organization Reporting in conjunction with multiple companies, there are guidelines that you need to consider as you establish your organization structures.

### Limits on Number of Organization Levels and Code Length

When you set up multiple companies in DPS, keep in mind certain limits on your organization structure. These limits control the number of levels that you can establish and how many characters you can use in codes.

#### Level Limits

Only one first-level code can be in place for any company's organization structure. DPS does not allow you to create more than one first-level code per company after you enable multiple companies.

Also, you cannot create more than five levels of organization structure. Therefore, if you already have an organization structure with five levels defined, you must restructure your codes and subcodes before adding the company level.

#### Code Length Limits

DPS concatenates the codes for each of the organization levels. For example, DELTEK:BOS:ENG represents three levels, in which DELTEK is the company, BOS is the office, and ENG is the Discipline.

The total length of the full organization code for the company must be 14 characters or fewer. This total includes characters, digits, and delimiters.

### Assigning Projects and Employees to Organizations

When you track multiple companies in DPS, you must assign each project and employee to an organization.

#### Projects

- When you first enable the Multicompany application, the organization that is specified in each existing project record is updated to accommodate the company code that you create as part of the enabling procedure.
- Subsequently, you select each project's organization from the drop-down list on the General tab of the Projects hub in the desktop application.

#### Employees

- When you first enable the Multicompany application, the organization that is specified in each existing employee record is updated to accommodate the company code that you create as part of the enabling procedure.
- Subsequently, you select each employee's organization from the **Organization** drop-down list on the Summary Pane of the Employees hub.

### Organization for Intercompany Postings

When you track multiple companies in DPS, you must create an intercompany organization to support intercompany billing for labor and expenses.

Typically, for intercompany transactions, you have an explicit entry and an implicit entry:

- **Explicit**: One side of the entry, usually an explicit entry, is made to a specific organization of the company being charged. This organization is usually the organization of the project, phase, or task receiving the charge.
- **Implicit**: The other side of the transaction is typically an automatic, or implicit, entry. This side of the entry is made to an organization of the company that owns the transaction.

In cases where the organization for the implicit entry is the organization of the project, phase, or task being charged, or an organization based on the credit distribution specified in **Settings** » **Organization** » **Individual**, DPS is not able to determine which organization should receive the implicit side of the entry. For this reason, you must create an intercompany organization to support intercompany billing for labor and expenses.

## Chart of Accounts and Multiple Companies

At the enterprise level, you establish the chart of accounts structure and a set of global accounts that are available to all companies. At the company level, you establish individual accounts. You decide whether any other companies in the enterprise can use these accounts.

### Grant Access to Individual Accounts

By default, each account that you create is unavailable to any company, including the active company, until you specify access rights for it. Therefore, you must specify company access for each account that you create.

### Chart of Accounts Structure

Every company in the enterprise must use the same chart of accounts structure. This means that all companies must use the same account number format, including the identifier length and delimiter positions.

You establish account number formats on the Numbering tab of **Settings** » **General** » **General System**.

### Cash-basis Accounts

When you establish cash-basis accounts, you must ensure that they are either:

- Globally available, or
- Available to the same companies for which the corresponding regular accounts are available.

### Intercompany Accounts

When you track multiple companies in DPS, you must create intercompany accounts that are available to all companies in your enterprise. DPS uses these accounts to process labor and expense charges for intercompany transactions.

Intercompany accounts can be the same across the enterprise, but they are not required to be the same.

After you set up the accounts in **Settings** » **Accounting** » **Chart of Accounts**, you identify them as **Intercompany Accounts** on the Accounts tab of **Settings** » **Accounting** » **Company**.

### Labor Types

Labor types determine which accounts are used when charging labor to projects, phases, and tasks:

- You create or modify labor types at the enterprise level on the General tab of **Settings** » **Advanced Accounting** » **Labor Types**.
- On a company-by-company basis, you assign labor types to direct and indirect accounts. Use the Accounting tab of **Settings** » **Advanced Accounting** » **Labor Types**.

You probably will not use the same labor types for all companies in your enterprise. To allow for the possibility that Company A may reference a labor type that Company B does not use, you must specify the direct and indirect accounts that DPS should use to process timesheets or labor adjustments that reference "foreign" labor types. DPS uses the intercompany account numbers specified in the **Foreign Labor Type Labor Posting Accounts** fields on the Accounts tab of **Settings** » **Accounting** » **Company**.

### Intercompany Accounts and Their Purposes

| Intercompany Account | Account Type | Purpose |
|---|---|---|
| **Accounts Receivable** | Asset | DPS debits this account when processing invoices for intercompany billing. |
| **Accounts Payable** | Liability | DPS debits this account when you post vouchers for an intercompany transaction. |
| **Suspense** | Asset or Liability | When a transaction involves another company, some time will pass between the transaction posting date and the date that you run the Intercompany Billing process.<br>To support the need to balance accounts during this time, you must create an intercompany suspense account. This account keeps your books in balance until the process of running intercompany billing |

| Intercompany Account | Account Type | Purpose |
|---|---|---|
| | | creates the appropriate accounts receivable and accounts payable entries, clears this suspense account, and redistributes the credit amount to the correct company.<br><br>In this way, you avoid creating tolerances on the companies' Balance Sheets. |
| **Labor Revenue** | Revenue | Set up this account only if the **Enable Detailed Subledgers for Intercompany Billing** option is selected on the General tab of **Settings** » **Advanced Accounting** » **System**.<br><br>DPS uses this account for labor revenue when generating intercompany invoice transaction files for a company.<br><br>You must map this account to the company's intercompany **AR Account** column on the Invoice Mapping Accounts tab in **Settings** » **Accounting** » **Accounts Receivable**. |
| **Expense Revenue** | Expense | Set up this account only if the **Enable Detailed Subledgers for Intercompany** |

| Intercompany Account | Account Type | Purpose |
|---|---|---|
| | | **Billing** option is selected on the General tab of **Settings** » **Advanced Accounting** » **System**.<br><br>DPS uses this account for expense revenue when generating intercompany invoice transaction files for a company.<br><br>You must map this account to the company's intercompany **AR Account** column on the Invoice Mapping Accounts tab in **Settings** » **Accounting** » **Accounts Receivable**. |
| **Intercompany Cash Basis Suspense** | Revenue or expense | Set up this account only if both of the following options are selected:<br><br>▪ **Enable Detailed Subledgers for Intercompany Billing** on the General tab of **Settings** » **Advanced Accounting** » **System**<br><br>▪ **Allow for Reporting: Cash-basis reporting** on the Reporting |

| Intercompany Account | Account Type | Purpose |
| --- | --- | --- |
| | | tab of **Settings** » **Advanced Accounting** » **System**<br><br>DPS uses the intercompany cash-basis suspense account when creating cash-basis entries for intercompany transactions. This should be an indirect expense account, because this account is likely to retain a balance. Depending on your intercompany billing configuration, that balance will represent any markups on intercompany expense transactions or the cash-basis expenses and revenue associated with intercompany entries.<br><br>DPS uses this account for cash-basis entries when processing the following intercompany transactions:<br><br>▪ Accounts payable payments, employee expense payments, accounts payable |

| Intercompany Account | Account Type | Purpose |
| --- | --- | --- |
| | | disbursements, and cash disbursements<br>▪ Cash receipts for intercompany billing transactions<br>▪ Payment of intercompany vouchers<br>To ensure that this account is used correctly for intercompany cash receipts, you must specify this account as the cash-basis account for your intercompany accounts receivable account. To do this, go to the intercompany accounts receivable account on the General tab of **Settings** » **Advanced Accounting** » **System**. Select the intercompany cash-basis suspense account from the lookup in the **Cash Basis Account** field. If you do not complete this step, your intercompany accounts receivable account will have a balance that will not be cleared, and you will have to post a journal entry to clear it manually. |
| **Foreign Labor Type Labor Posting Accounts** | | |

| Intercompany Account | Account Type | Purpose |
|---|---|---|
| **Direct** | Direct Expense Account | DPS credits direct labor charges to this account when you post timesheets or labor adjustments that reference a foreign labor type.<br>Enter the account on the Accounts tab of **Settings** » **Accounting** » **Company**. |
| **Indirect** | Indirect Expense Account | DPS credits indirect labor charges to this account when you post timesheets or labor adjustments that reference a foreign labor type.<br>Enter the account on the Accounts tab of **Settings** » **Accounting** » **Company**. |

### Foreign Labor Types

You probably will not use the same labor types for all companies in your enterprise. To allow for the possibility that Company A may reference an labor type that Company B does not use, you must specify the direct and indirect accounts that DPS should use to process timesheets or labor adjustments that reference "foreign" labor types.

Enter the intercompany account numbers in the **Foreign Type Labor Posting Accounts** fields on the Accounts tab of **Settings** » **Accounting** » **Company**.

### Example

Company A has three labor types:

- **E**: Employee
- **M**: Management
- **P**: Principal

Company B has only one labor type:

- **E**: Employee

William Apple, an employee of Company A, submits a timesheet on which he charges time to Project 2019, a direct project, which belongs to Company B.

William Apple has a labor type of P (Principal), which has not been specified for Company B. In terms of intercompany transactions, William Apple has a foreign labor type.

When processing William Apple's timesheet, DPS uses the intercompany account number specified in the **Foreign Labor Type Labor Posting Accounts-Direct Account** field on the Accounts tab of **Settings** » **Accounting** » **Company**.

## Accounting and Multiple Companies

The Multicompany feature lets you support complex multiple company accounting operations by balancing your need for company-specific financial controls and processing operations with your need for easy enterprise-wide financial consolidation.

When you track multiple companies in DPS, you can:

- Process transactions both within individual companies and across companies.
- Maintain enterprise-wide vendor data, with accounting-related settings maintained at the company level.
- Create consolidated reports that merge financial data for any combination of companies you wish, with automatic intercompany elimination entries.
- Configure the consolidated reporting rules to comply with Generally Accepted Accounting Principles (GAAP), International Accounting Standards (IAS), or another prevailing accounting standard.

### Revenue Generation and Multiple Companies

When you track multiple companies in DPS, you set up Revenue Generation separately for each of the companies in your enterprise. When you run Revenue Generation, it processes the revenue calculations for only one company at a time.

Run Revenue Generation for one company, then use **Utilities** » **Change Company** to switch companies and run Revenue Generation for another company.

When you track multiple companies and use Organization Reporting, you can have projects whose phases or tasks (lower work breakdown structure levels) belong to a different company in your enterprise.

If you use revenue groups, you can have subprojects in revenue groups that belong to different companies.

### Revenue Generation with Phases, Tasks, or Revenue Group Subprojects in Different Companies

For projects whose phases or tasks belong to different companies or for revenue groups whose subprojects belong to different companies, you must run Revenue Generation for these projects in each of the companies to which a project's phases or tasks belong. You can run Revenue Generation for these companies in any order.

For example, if Project 1 has phases that belong to Company A and phases that belong to Company B, you must run Revenue Generation for Project 1 in both Company A and Company B.

When you run Revenue Generation for Project 1 in Company A:

- Job-to-date revenue is calculated for each phase that belongs to Company A; DPS does not calculate job-to-date revenue for the phases that belong to Company B.

- The total job-to-date revenue for Project 1 is calculated as the sum of the new job-to-date revenue amounts that were calculated for Company A phases and the job-to-date amount that was calculated for Company B phases the last time that Revenue Generation was run for Company B.

When you run Revenue Generation for Project 1 in Company B:

- Job-to-date revenue is calculated for each phase that belongs to Company B; DPS does not calculate job-to-date revenue for the phases that belong to Company A.
- The total job-to-date revenue for Project 1 is calculated as the sum of the new job-to-date revenue amounts that were calculated for Company B phases and the job-to-date amount that was calculated the last time that Revenue Generation was run for Company A.

The end result after you run Revenue Generation for both companies is a job-to-date revenue amount for Project 1 that includes revenue calculated for the phases that belong to Company A and Company B.

For example, project 1 has the following phases that belong to different companies:

- Company A: Project 1/Phase A. The job-to-date revenue posted previously was $100.
- Company B: Project 1/Phase B. The job-to-date revenue posted previously was $50.

You run Revenue Generation for Project 1 in each company as follows:

| | Company A Perspective | Company B Perspective | Project 1 Running Total (Sum of Phases) |
|---|---|---|---|
| **Step 1:**<br>Run Revenue Generation in Company A for Project 1. | Job-to-date revenue is calculated as **$110** now .<br>($10 is recognized for Phase A since the last time Revenue Generation was run.) | No job-to-date revenue is calculated.<br>(The previously posted job-to-date revenue for Phase B is **$50**.) | **$160**<br>($160 = $110 from Phase A and $50 from Phase B) |
| **Step 2:**<br>Run Revenue Generation in Company B for Project 1. | No job-to-date revenue is calculated.<br>(The previously posted job-to-date revenue for Phase A is **$110**.) | Job-to-date revenue is calculated as **$130** now.<br>($80 is recognized for Phase B since the last time Revenue Generation was run.) | **$240**<br>($240 = $110 from Phase A and $130 from Phase B)<br>After you run Revenue Generation for the project in both companies, the end result is JTD revenue of **$240** for Project 1. |

### Overall Revenue Upset Limits with Phases or Tasks in Different Companies

To set a limit on the job-to-date revenue that is recognized for a project, use overall revenue upset limits as part of the Revenue Generation process.

The following is an example of how Revenue Generation calculates job-to-date revenue and any adjustments when a project with upset limits has phases or tasks that belong to different companies.

For example, project 1 has the following phases that belong to different companies:

- Company A: Project 1/Phase A. Job-to-date revenue posted previously was $100.
- Company B: Project 1/Phase B. Job-to-date revenue posted previously was $50.

Project 1 has an overall revenue upset limit of $200.

You run Revenue Generation for Project 1 in each company as follows:

| | Company A Perspective | Company B Perspective | Project 1 Running Total (Sum of Phases) |
|---|---|---|---|
| **Step 1:** Run Revenue Generation in Company A for Project 1. | Job-to-date revenue is calculated as **$110** now. ($10 is recognized for Phase A since the last time Revenue Generation was run.) | No job-to-date revenue is calculated. (The previously posted job-to-date revenue for Phase B is **$50**.) | **$160** ($160 = $110 from Phase A and $50 from Phase B) |
| **Step 2:** Run Revenue Generation in Company B for Project 1. | No job-to-date revenue is calculated. (The previously posted job-to-date revenue for Phase A is **$110**). | Job-to-date revenue is calculated as **$130** now. ($80 is recognized for Phase B since the last time Revenue Generation was run.) | **$240** ($240 = $110 from Phase A and $130 from Phase B) Because $240 is greater than the $200 upset limit, an adjustment of **negative $40** is made to an adjustment phase for Project 1. After you run Revenue Generation for the project in both companies, the end result is job-to-date revenue of **$200** for Project 1. |

### Overall Revenue Calculation for a Project

For individual projects that are not part of a revenue group, you can use the Overall Revenue Calculation feature to perform an additional calculation of overall revenue at the project level, similar to the overall revenue calculation and adjustment that is performed for revenue groups.

For example, Project 1 has the following phases that belong to different companies:

- Company A: Project 1/Phase A. The job-to-date revenue posted previously was $100.
- Company B: Project 1/Phase B. The job-to-date revenue posted previously was $50.

You run Revenue Generation for Project 1 in each company as follows:

| | Company A Perspective | Company B Perspective | Project 1 Running Total (Sum of Phases) |
|---|---|---|---|
| **Step 1:** Run Revenue Generation in Company A for Project 1. | Job-to-date revenue is calculated as **$110** now. ($10 is recognized for Phase A since the last time Revenue Generation was run.) | No job-to-date revenue is calculated. (The previously posted job-to-date revenue for Phase B is **$50**.) | **$160** ($160 = $110 from Phase A and $50 from Phase B) The overall job-to-date revenue for Project 1, which is calculated with the overall revenue method entered for Project 1, is **$190**. For the sum of the phase's revenue to match the overall project's revenue, an adjustment for **$30** ($190-$160) is made to an adjustment phase. |
| **Step 2:** Run Revenue Generation in Company B for Project 1. | No job-to-date revenue is calculated. (The previously posted job-to-date revenue for Phase A is **$110**.) | Job-to-date revenue is calculated as **$130** now. ($80 is recognized for Phase B since the last time Revenue Generation was run.) | **$240** ($240 = $110 from Phase A and $130 from Phase B) The overall job-to-date revenue for Project 1, which is calculated with the revenue method entered for the revenue group, is **$190**. For the sum of the phase's revenue to match the overall project's revenue, an adjustment for **negative $50** ($190-$240) is made to an adjustment phase. |

| | Company A Perspective | Company B Perspective | Project 1 Running Total (Sum of Phases) |
|---|---|---|---|
| | | | After you run Revenue Generation for the project in both companies, the end result is job-to-date revenue of **$190**. |

### Revenue Groups

For projects that are part of a group or contract, you can use revenue groups to recognize revenue at the overall group (contract) level, rather than as the sum of its lowest work breakdown structure parts.

For example, you have a Revenue Group 1 that consists of:

- Company A: Project 1. The job-to-date revenue posted previously for Project 1 was $100.
- Company B: Project 2. The job-to-date revenue posted previously for Project 2 was $50.

You run Revenue Generation for Project 1 in each company as follows:

| | Company A Perspective | Company B Perspective | Group 1 Running Total (Sum of Subprojects) |
|---|---|---|---|
| **Step 1:**<br>Run Revenue Generation in Company A for Project 1. | Job-to-date revenue is calculated as **$110** now.<br>($10 is recognized for Project 1 since the last time Revenue Generation was run.) | No job-to-date revenue is calculated.<br>(The previously posted job-to-date revenue for Project 2 is **$50**.) | **$160**<br>($160 = $110 from Project 1 and $50 from Project 2)<br>The overall job-to-date revenue for Revenue Group 1, which is calculated with the revenue method entered for the revenue group, is **$190**.<br>For the sum of the subproject's revenue to match the overall group revenue, an adjustment for **$30** ($190-$160) is made to an adjustment phase. |

| | Company A Perspective | Company B Perspective | Group 1 Running Total (Sum of Subprojects) |
|---|---|---|---|
| **Step 2:**<br>Run Revenue Generation in Company B for Project 2. | No job-to-date revenue is calculated.<br>(The previously posted job-to-date revenue for Project 1 is **$110**.) | Job-to-date revenue is calculated as **$130** now.<br>($80 is recognized for Project 2 since the last time Revenue Generation was run.) | **$240**<br>($240 = $110 from Project 1 and $130 from Project 2)<br>The overall job-to-date revenue for Revenue Group 1, which is calculated with the revenue method entered for the revenue group, is **$190**.<br>For the sum of the subproject's revenue match the overall group revenue, an adjustment for **negative $50** ($190-$240) is made to an adjustment phase.<br>After you run Revenue Generation for the project in both companies, the end result is job-to-date revenue of **$190**. |

### Revenue Categories

If you have multiple companies and you use revenue categories, you set up revenue categories separately for each company for which you want to use categories. However, the revenue category labels and the user-defined revenue formulas that you set up for revenue categories are applied to all companies in your enterprise.

### Accounts Payable and Multiple Companies

When you track multiple companies in DPS, vendors are set up at the enterprise level, but individual companies still manage their own vendor accounting information.

Information will be provided in a future release.

Because multiple companies in a single enterprise often use the same vendors, all non-accounting vendor information, including vendor names and addresses, is established at the enterprise level and shared by all companies.

However, before an individual company posts transactions for a vendor, and includes that vendor in its accounts payable subledger, the company establishes its own accounting-related settings

for the vendor. For example, each company can generate its own 1099 for a vendor that multiple companies use. You use the Accounting tab of the Vendors hub to specify these settings.

Each vendor invoice belongs to the company that was the active company when the invoice was entered and posted. However, a given vendor invoice might include line items expensed to projects belonging to other companies (for example, to account for a shipping bill that includes mailing expenses for multiple companies' projects).

### Vendors Available to a Company

The vendors available to a company are determined by settings on the vendor's Accounting tab in the Vendors hub:

- The **Approved for use in processing for Company xx** option must be selected and the fields must be filled out.
- The vendor type must be available to the company. Each vendor type has accounts associated with it. Depending on which accounts are assigned to a company, only the vendor types associated with those accounts are available to a company. The drop-down list in the **Type** field on the vendor's Accounting tab lists only those vendor types available to the company.

### Bank Codes Available to a Company

Accounts payable uses bank codes to identify the banks on which payments may be drawn. If a company is also using multiple currencies, the bank code also defines the currency in which payments must be drawn on that bank.

### Liability Codes Available to a Company

Accounts payable vouchers use liability codes to define the implicit posting of the voucher amount to an account number and to a company. Accounts are assigned to a company.

### Maintain Separate Balance Sheets

When you enable the Multicompany application, DPS automatically selects the **Maintain separate balance sheets by Organization** option in **Settings** » **Organization** » **General**.

### Require Entry of Voucher Numbers

You can select the **Require entry of voucher numbers** option on the Accounts Payable tab of **Settings** » **Advanced Accounting** » **System AP** option to control the assignment of voucher numbers.

- If this option is not selected, the voucher number field does not appear in the voucher data entry header. Instead, at the time of posting, DPS automatically assigns a number to the voucher.
- If this option is selected, and you have multiple companies, the **Start Voucher** and **End Voucher** fields display on the Accounts Payable tab of **Settings** » **Accounting** » **Company AP**. You must enter start and end numbers in these fields to define a range of voucher numbers for the company.

### Overhead Allocation and Multiple Companies

When you process Overhead Allocation, DPS allocates overhead for the active company.

To process Overhead Allocation for another company, use **Utilities** » **Change Company** to switch to a different company.

## Transaction Center and Multiple Companies

You can process transactions within a single company or you can process transactions across companies.

### Active Company

When you track multiple companies in DPS, each transaction is owned by the company that is the active company when you create the transaction file.

To view, edit, or post a transaction file, you must select as the active company the same company that was active when the transaction file was created. Use **Utilities** » **Change Conpany** to switch companies.

As you enter transactions, the active company determines which:

- Vendors you can use.
- Accounts payable accounts you can specify.
- Bank codes you can specify.

### Transaction Filenames Must Be Unique

Record keys, including names for transaction files, must be unique across the enterprise. For example, if you post a transaction file called **APSept19** and someone in another company attempts to post a transaction file with the same name, DPS displays an error message and requests that the user enter a unique filename.

We recommend that you establish a naming convention for your transaction files across the enterprise.

### Intercompany Transactions

You can enter a single transaction that charges labor and/or expenses to multiple projects, phases, and/or tasks. These projects, phases, and tasks may belong to different companies, based on your organization structure. If so, DPS splits the total transaction amount and debits accounts belonging to multiple companies.

To support splitting transactions in this way, you must set up an intercompany suspense account.

### Example

Assume that Company A is the active company when you enter the following miscellaneous expense transaction:

| Project | Phase | Company | Expense Account | Amount |
|---|---|---|---|---|
| 20010 | 199 | Company A | 511.00 | 10.00 |
| 20010 | 198 | Company B | 512.01 | 10.00 |

DPS debits the expense accounts listed. The 10.00 to be charged to Company B is held in a suspense account until you process intercompany billing for the transaction.

When you process intercompany billing, DPS:

- Balances the two debits with a single credit of 20.00 to Company A. The credit is applied to the account specified in the **Miscellaneous Expense** field on the Posting tab of **Settings** » **Accounting** » **Company**.
- Clears the suspense account.

### Accounts Payable Vouchers and Multiple Companies

When you track multiple companies in DPS, you need to follow special steps when you process accounts payable voucher transaction files.

Because vendor records are available to all companies, everyone in your enterprise can use the same vendors.

However, accounting data for each vendor is set up on a company-by-company basis. For example, each company determines its own default payment terms and expense accounts, discount codes, Value Added Tax (VAT) and Goods and Services Tax (GST) tax code settings, and 1099 data. You use the Accounting tab of the Vendors hub to specify these settings.

To process a transaction file referencing a vendor record, you must select as the active company the same company that was active when you entered the vendor's accounting data.

For example, assume that Company A was the active company when you specified the accounting data for the vendor Executive Travel. You can process accounts payable voucher transactions for Executive Travel only if Company A is the active company. If you switch to another company, Executive Travel is not available for accounts payable voucher transactions (unless you have specified the same accounting data for Executive Travel in the second company).

### Voucher Numbers

Voucher numbers must be unique across the enterprise. If you decide to enter voucher numbers manually, rather than having DPS generate them automatically, you must specify a valid range of voucher numbers for each company.

### Creating Vouchers from Purchase Orders

If you create a voucher from a purchase order and the default accounts for tax, shipping, or extra amounts (on the Accounts tab of **Settings** » **Purchasing and Inventory** » **Company**) are not valid for the project's company, DPS uses the corresponding account from the Cost Distribution tab in Purchasing instead.

### Liability Codes

When a voucher is posted, the associated liability code determines the liability account number and organization that receive the implicit posting for the total voucher amount.

Select liability codes on a company-by-company basis in **Settings** » **Accounting** » **Company AP**.

### Bank Codes

Bank codes identify the banks on which payments may be drawn. If a company is also using multiple currencies, the bank code also defines the currency in which payments must be drawn on that bank.

You set up bank codes on a company-by-company basis in **Settings** » **Accounting** » **Banks**.

### Transaction Lists and Multiple Companies

You can see transaction lists for the active company only. To see transaction lists for another company, use **Utilities** » **Change Company** to switch companies.

To determine the owning company for a transaction, see the **Owner** column on the transaction list for the corresponding transaction type. The owning company is the one that was active when you created the record.

### Posting Logs and Multiple Companies

When you track multiple companies in DPS, a **Posting Owner** field displays in the report header for all Posting Log and Posting Log Review reports. This field displays the organization code for the company that owns the posting.

### Intercompany Target

If transactions are posted to a company other than the current company, these transactions appear in the report with the following label: **Intercompany Target: <company>** in which "company" is the company code for the associated transaction. This label appears under the transaction line.

This allows you to see postings that affect your company's general ledger, even though the postings originated elsewhere.

### Intercompany Posting Logs

If a posting log is created by a company other than the active company, and that log contains transactions posted for the active company, the posting log is considered to be an intercompany posting log.

The label **Intercompany** is appended to the report name in the report's header.

## Employees and Multiple Companies

When you have multiple companies in DPS, you can associate an employee with one or more companies.

Associating an employee with multiple companies is useful for instances where an employee needs to be reassigned from one company to another, either for a temporary work assignment or for a permanent employment change.

Assign each employee to one home company in the Employees hub. This is typically the employee's current company of employment. Then, as needed, associate the employee with additional companies. This, creates one employee record for each company.

When an employee is associated with multiple companies, additional settings, features, and processes become available in DPS. For each employee record, you can enter organization, pay rate, account, and timesheet information that is specific to the employee's work in the associated

company. DPS can then process transactions and reports for each company using this information for the employee.

Assume, for example, that an employee's home company is in the United States, but the enterprise has two associated companies in Canada, where the employee sometimes works. In DPS, the employee has separate records for the Canadian companies, with a different currency, accrual schedules, and other information.

### Associate an Employee with Another Company

To associate an employee with another company, open the employee's record in the Employees hub, click **Other Actions** in the Actions bar, and select **Associate with New Company**. This creates a separate employee record for the other company. After you save this record, you can select the newly associated company in the **Home Company** field for the employee.

### Active, Inactive, and Terminated Status

An employee may have a different status assignment to each company record. The home company typically has a status of **Active** and is the company in which the employee's personal information is maintained.

- For a newly associated company, the status defaults to **Active**.
- If you change the **Home Company** to the newly associated company, it may be necessary to change the original home company's **Status** to **Inactive** or **Terminated**.

  For example, an employee may be reassigned from Company A to Company B. However, there is a period of time when the employee needs to complete a timesheet in Company A and also begin a new timesheet in Company B. For this period, the employee would need to be considered **Active** in both companies. Then, when the Company A timesheet is complete, you could change the employee's status in this company to **Inactive** or **Terminated**.

### Employee Multiple Company Terminology

Certain terminology applies when you associate an employee with multiple companies.

| Term | Description |
|---|---|
| **Employee Multicompany** | Employee Multicompany is the term used to describe when an employee is associated with multiple companies. This set up is useful when an employee is reassigned from one company to another, either for a temporary work assignment or for a permanent employment change. You create a separate employee record in the Employees hub for each company that the employee is associated with. |
| **Active Company** | The active company is the company that you select when you log in to DPS, or the company that you switch to during a DPS session. The active company is also known as the current company.<br><br>When an employee is associated with multiple companies, several rules apply that relate to the active company. For example, when you process timesheet and expense report transactions for an employee, DPS processes transactions associated with the currently active company. |

| Term | Description |
| --- | --- |
| | If you want to process the employee's timesheet and expense report transactions associated with a different company, use the Change Company utility (**Utilities** » **Change Company**) to select a different company to become the active company. |
| **Home Company** | The home company is the company in which the employee is currently employed. When you create a new employee record, the **Home Company** field in the Summary pane of the Employees hub prefills the currently active company. After you associate an employee with another company, you can change the employee's home company to the other company.<br>If an employee works for multiple companies, it does not matter which of the multiple companies you assign as the employee's home company. |
| **Company-Specific** | Company-specific tabs, fields, options, and reports are driven by the company with which the current employee record is associated and include details for a single company. For example, employee payroll reports are company-specific because they show an employee's payroll information for only one company at a time. |
| **Not Company-Specific** | Tabs, fields, options, and reports that are not company-specific are shared across all the employee's records that are associated with different companies. These fields, tab, options, and reports do not change when you change the active company or when you associate another company with the employee. For example, any data that is used by CRM, such as the employee's name, licenses, experience, resumes, and personal information, is the same in all of an employee's records that are associated with each different company. |

### Employee Home Company

When you track multiple companies in DPS, you use the **Home Company** field in Summary pane of the Employees hub to assign an employee to a home company.

The home company identifies the company that an employee currently works for. If an employee works for multiple companies, it does not matter which of the multiple companies you assign as the employee 's home company.

After you specify the employee's home company, you can associate the employee with additional companies as needed in the Employees hub by clicking **Other Actions** in the Action bar, and then select **Associate with New Company**. A new employee record is created for the company that you associate the employee with. You specify the employee's organization, pay rate, account, and timesheet information for each associated company. DPS can then process transactions and reports for each company using the appropriate organizations, pay rates, accounts, and timesheet information for the employee.

After you associate an employee with another company and save the employee record, the drop-down list in the **Home Company** field now includes that company that can be selected as the employee's home company.

### Associating an Employee with Additional Companies

When you track multiple companies in DPS, you can associate an employee with more than one company.

To do this, open the employee record in the Employees hub and select the **Other Actions** » **Associate with New Company** option. This creates an additional employee record.

You can then associate the employee with another company, and specify new organization, payroll, and approval information for that employee at that company. This does not change the employee's home company, nor does it remove or delete any employee information for any other companies.

When you associate the employee with another company, you must also assign an organization to the employee. The organizations available are based on the new company. For example, if the new company is Germany Research, the Organization lookup only includes organizations that are associated with Germany Research.

When you select an employee's record n the Employees hub, the employee's name displays in the header. If the employee record is for the employee's home company, only the employee name displays. If the employee record is for a different company, the code and name of the associated company also display (for example, **Joseph Kardon - 03 France Engineers**).

You can use **Utilities** » **Key Conversions** to combine employee records. If you select the **Combine Existing Employees** option and the new combined employee record is not associated with a company with which the original employee record is associated, a new company record is automatically added and associated with the employee.

Consider timesheet administration rights carefully when you associate more than one company with an employee. Use the Time tab of the Employees hub in the desktop application to assign one of four security access rights to each employee: **Staff**, **Group**, **Company**, or **System**. This access level works with the **Editing** and **Approval** check boxes to determine what processing options are available to you.

The **Company** access right applies if you use multiple companies. This setting allows employees to open and print, and possibly edit and approve, timesheets that belong to the employees in a specific company. When you associate an employee with **Company** access rights to additional companies, the new records inherit the employee's access rights. If you change an employee's access rights from another setting to **Company**, all associated company records automatically update to apply **Company** access rights as well.

### Company-Specific Tabs and Fields for Employees

Some of the tabs, fields, and options that display in DPS are company-specific, meaning that they are driven by the company with which the current employee record is associated.

This impacts the Employees hub as follows:

- The data that you enter on a tab applies to the company with which the current record is associated.
- The tabs and fields that display are based on the company with which the current record is associated. For example, if the employee is associated with four different companies, but only one company has access to DPS Payroll, the Payroll tab of the Employees hub will only display when you are viewing that company's record.

- The values that are available in the individual fields/lookups are based on the company with which the current record is associated. For example, the codes that are available in the Organization lookup are only those organizations that are associated with the current company.
- If the **Automatically retrieve your record in Employee Hub/Employee Review** option is selected in My Preferences, the employee record that automatically loads will be for the home company with which the current record is associated. If the record is associated with multiple companies, the home company record will display first.

For a list of all the company-specific fields in the Employees hub, see Employee Fields Impacted by the Multicompany Feature.

### Employee Fields Shared by All Companies

When an employee is associated with more than one company, basic employee information does not change, regardless of the company that is active or the number of companies with which the employee is associated.

For example, any data that is used by CRM, such as the employee's licenses, experience, resumes, and personal information, is the same for all companies.

### Employee Searches and Multiple Companies

When an employee is associated with more than one company, you create an employee record that corresponds to each associated company. This has an impact on how employee searches work.

### Standard Search

If an employee is associated with multiple companies, when you do a standard search in the Employees hub for the employee, the search results list displays a separate employee record for each company that the employee is associated with. Each of these multiple records in the list displays the company that is associated with the employee record below the employee's name.

### Custom Search

You can use the **Custom Search** option in the employee search field in the Employees hub to view a list of all companies that are associated with an employee. The custom search allows you to enter additional criteria that restricts the employee and/or company that is retrieved by the search. This is useful when you want to:

- Search for an employee record in the Employees hub.
- Specify the employee and company records to include when generating a report.

Use the following criteria to filter the employee results in the Custom Search dialog box:

- **View employees in active company**: There may be instances where it is useful to view only those employees that are associated with the active company. Assume, for example, that you want the Timesheet Audit Detail report to display data for the active company and the employees that are associated with it. To do this, create a selection set of only those employees where the **Home Company** field is set to **=** with a selected company and set the **Status** field to **=** Active. When you run the report, the employees for the active company display in the search results. You can select employees from this list.

- **View employee's home company**: When searching for employee records or data for an employee report, you can choose to view the employee's information for their home company only. To do this, create a selection set where the **Home Company** field is set to **=** and select an available home company from the **Home Company** field.
- **View employee information for multiple companies**: For example, if an employee's home company is in the United States but the employee also has an associated company in Canada, the employee has two records, with separate currencies, accrual schedules, and other information. Use a the search field to find the employee, and then select the records for the companies that you want to view.

  For a report, it is important to not only select multiple employee records, but to also sort the report by **Company**. Assume, for example, that you want to generate an Employee Accrual report that displays each company's information for the employee. First use selection criteria to select the employee company records that you want to view. Then use the Sorting/Grouping tab (accessed from the **Options** column) to specify **Company** as the top-level sort, so that the information will be organized by company.

### Employee Security and Multiple Companies

When you track multiple companies in DPS, you must set up security roles to allow access to multiple companies.

Use **Settings** » **Security** » **Roles** to establish an employee role's access rights to companies.

On the Access Rights tab, select **Companies** as the **Functional Role**. Select the individual companies that the role can access or select **Full access to all companies**.

A role must also be associated with a particular company before you can associate an employee record with that company.

Security access to companies affects Time and Expense administration. If you use DPS Time and Expense, each employee is assigned an **Timesheet Administration Level** and **Expense Administration Level** on the Time & Expense tabs of the Employees hub. This level determines the employee's ability to perform certain functions in the Time and the Expense applications. The level applies across all companies with which the employee is associated. If the**Timesheet Administration Level** and **Expense Administration Level** is set to **Group**, **Company**, or **Admin**, and the employee's role has access rights to a company on the Access Rights tab in Security, the employee can perform administrative functions (such as approvals) for a company even if the employee is not associated with the company.

Security access to companies also affects the Transaction Center. On the Accounting tab of **Settings** » **Security** » **Roles**, on the Transaction Type grid, you can specify each role's access to specific transaction types and functions. You can also limit the role's access rights to one company.

### Employee Alerts and Multiple Companies

When you track multiple companies in DPS, you must set up alerts on a company-by-company basis. Because an employee may be associated with more than one company, the alerts only consider the employees that are active in the company for which the alert is configured.

For example, employee John James is:

- Associated and active in Company A
- Associated and active in Company B

- Associated with, but inactive in, Company C

Company A sends an email alert if a timesheet is late by 2 days. Company B and Company C send an email alert if a timesheet is late by 4 days.

Because John James is only active in Company A and Company B, he receives:

- An alert from Company A after 2 days
- An alert from Company B after 4 days

Because John is inactive in Company C, he will not receive an alert from that company, even though an alert is configured.

In addition, when an alert is configured to be sent to the employee's supervisor, the email message is sent to the employee's home company supervisor.

### Employee Workflows and Multiple Companies

Use workflows to send automated alerts or emails, or to trigger additional actions, when an employee-related action take place. Certain rules apply in a multiple company environment.

You can configure two types of workflows for use in a multiple company environment:

- **User Initiated**: These workflows are based on events that occur in the hubs and other applications.
- **Scheduled**: These workflows are based on queries that run at regular intervals via the process server.

When you track multiple companies. additional columns and conditions are available for use in creating a workflow that is related to an Employees hub record. The **Column** options are prefixed with **EMAllCompany** because the conditions look at all company records for an employee unless you add further restrictions.

For example, you can select **EMAllCompany.Company** as the **Column** and set the **Operator** to **Is Home Company** to have the conditions look only at the employee's home record. Or you can set the **Operator** to **Is Not Home Company** to look at all company records except the employee's home company.

When you associate an employee with a new company, you create a new employee record in the new company. This action triggers workflows with the **Insert/Associate** Workflow Type. These workflows fire when a new employee record is inserted or an existing employee record is associated with a new company in the Employees hub. DPS treats the new "associated" record as a brand new record.

Any other workflows that would normally fire when you change an existing employee field do not fire when you associate an employee with a new company.

For example, if you have a workflow set to send an email when an employee address changes, this email will not be sent if you associate an employee with a new company and then change the employee's address. In this case, DPS treats the record's Workflow Type as **Insert/Associate**, not **Change**.

### Employee Review and Multiple Companies

You can review payroll wages, withholding deductions, expense checks, and other payroll data for the current employee in Employee Review.

The tabs, fields, and data displayed in Employee Review are based on the company with which the current record is associated. The name of this company displays next to the employee name.

### Employee Reporting and Multiple Companies

When you track multiple companies in DPS, Employee and Payroll reports can be company-specific or can display information for one or more associated companies.

### Report Options

When you track multiple companies, additional fields are available when you select report options and selection criteria. Use these options to include company details on your reports. For example, you can include an employee's home company information when you run a Timesheet Audit Detail report.

When you specify report options, the Sorting/Grouping and Columns tabs include home company options. If you select a home company on the Sorting/Grouping tab, the home company displays first on the report. If you select a home company on the Columns tab, the **Home Company** and **Home Company Name** fields are added to the report as columns.

### Employee Reports

Employee reports let you view employee information for the active company, the home company, and/or the employee's associated companies. For example, if an employee's home company is the Memphis office but she is also associated with the Toronto and Mexico City offices, the employee would have three records, with separate currencies and perhaps separate accrual schedules and other information. You could generate the Employee Accrual report three times, to display the employee's information separately for each company.

To specify the companies whose data you want to include on a report, click the **Selection** field on the Reporting grid. In the Employee lookup, set the **Search Field** option to **Company** and then set the **Operator** option to one of the following settings:

- **Active Company**
- **Is Home Company**
- **Is Not Home Company**

### Payroll Reports

You can run a payroll report for only one company at a time, meaning that you can view an employee's payroll information for only one company at a time.

## Time and Expense Processing and Multiple Companies

The ability to associate an employee with multiple companies impacts timesheet and expense report transactions.

When an employee is associated with multiple companies, the following rules apply:

- An employee's timesheet and expense report transactions are **only** processed for the employee record that belongs to the active company.
- If an employee has time or expense transactions associated with another company, switch active companies (**Utilities** » **Change Company**) to work on these transactions.
- If an employee's **Status** is set to **Terminated** on the General tab in the Employees hub, the timesheet can be opened but not edited.

### Time and Expense Approvals

When an employee's **Administration Level** is set to **Group**, **Company**, or **System** on the Time or Expense tab of the Employees hub, and the employee's security role has appropriate access rights to a company on the Access Rights tab of **Settings** » **Security** » **Roles** » **Access Rights**, the employee can perform administrative functions (such as approvals), for a company even if the employee is not associated with the company.

For example, William Apple has **Group** approval rights for the Consumer Group in both Company A and Company B. He is only associated with Company C but his security role has access to Company A, Company B, and Company C. For this reason, William is able to approve the timesheet or expense reports for all three companies.

### Timesheet Administration Rights

Consider timesheet administration rights carefully when you associate more than one company with an employee. Use the Time tab of the Employees hub in the desktop application to assign one of four security access rights to each employee: **Staff**, **Group**, **Company**, or **System**. This access level works with the **Editing** and **Approval** check boxes to determine what processing options are available to you.

The **Company** access right applies if you use multiple companies. This setting allows employees to open and print, and possibly edit and approve, timesheets that belong to the employees in a specific company. When you associate an employee with **Company** access rights to additional companies, the new records inherit the employee's access rights. If you change an employee's access rights from another setting to **Company**, all associated company records automatically update to apply **Company** access rights as well.

For example, employee John Smith has **Company** administration-level rights for Company A. His employee record is then associated with Company B and Company C. Because **Company** rights are automatically inherited for associated records, now John Smith has **Company** rights to Company A, Company B, and Company C. This means that he can open and print timesheets for all of those companies. If the **Editing** and/or **Approval** check boxes are selected, John Smith also has these rights in all three companies. To restrict access, you can instead assign **Group** administration-level rights to John Smith, and then specify the companies and groups that he can access. You can also allow him to edit and/or approve all of the groups in just one of these companies.

For detailed information about timesheet access, see the Security section of the help.

## Billing and Multiple Companies

When you track multiple companies in DPS, you select settings for the Billing application on a company-by-company basis. For example, you establish default billing terms at the company level.

### Invoice Processing

During invoice processing, DPS includes for billing all projects owned by the active company. This is true even if the active company does not own all of the phases or tasks below these projects in the work breakdown structure.

### Intercompany Billing

You can also generate invoices, payments, and receipts to support arm's length intercompany transactions and simultaneously generate a document trail for them.

### Billing for One Project with Multiple Owning Companies

During invoice processing, DPS includes for billing all projects owned by the active company. This is true even if the active company does not own all of the phases or tasks below these projects in the work breakdown structure (WBS).

A project is owned by the company specified by the organization code in the project record in the Projects hub. Different companies can own the phases or tasks that are part of a project.

For example:

- Company A owns the project and phase 1
- Company B owns phase 2

### Billing Accounts

For each company, you select revenue accounts to use as billing accounts for fees, labor, consultant expenses, reimbursable expenses, units, and add-on fees. During final invoice processing, DPS automatically creates invoice transaction records charged to the accounts specified.

When you process the final billing for a project with phases and tasks owned by different companies, DPS verifies that the billing accounts are valid, meaning that the accounts are set up in the chart of accounts for both companies.

If the accounts are not set up in the chart of accounts for both companies, DPS substitutes billing accounts.

For example, if Company A owns the project and phase 1 and Company B owns phase 2, one of two scenarios occurs:

- The invoice override accounts selected for the project on the Misc tab of **Billing** » **Billing Terms** are not valid in Company B, so DPS uses the default revenue accounts established for Company B on the Accounts tab of **Settings** » **Billing** » **General**.
- There are no invoice override accounts for the project, so DPS uses the default revenue accounts from Company A's billing settings. Again, the accounts are not valid in Company B, so DPS uses the default revenue accounts established in Company B's billing settings.

### Add-on, Unit, and Tax Accounts

DPS also checks the add-on, unit, and tax accounts selected for the phases and tasks to verify that these accounts are valid. DPS replaces any account that is not valid for the company owning the project with the appropriate default account for the company owning the phase or task beneath the project.

### Billing Groups and Multiple Companies

You create billing groups so that you can bill several projects together on one invoice. This feature is useful if you have multiple projects for the same client and the client wants to receive one invoice for all of the projects.

### Main Project

If you are billing a client for a set of projects worked on by multiple companies within your enterprise, the company that owns the main project in the billing group is the company that generates the invoice for the entire billing group.

Use the Billing Group List to review a billing group's settings, its main project, and a list of its sub-projects.

### Batch Billing and Multiple Companies

When you perform batch billing in a multiple company environment, you must establish billing terms and default billing terms for each company.

Establish default billing terms for each company in **Settings** » **Billing** » **Default Terms**.

Establish billing terms for each company's projects, phases, and tasks in **Billing** » **Billing Terms**.

- When you add billing terms for a project, phase, or task, DPS applies the default billing terms established for the company that owns the project, phase, or task. You can modify the default terms.
- If you select a project, phase, or task for batch billing and it does not yet have any billing terms defined, DPS uses the default billing terms set up in **Settings** » **Billing** » **Default Terms** for the company that owns the project, phase, or task.

### Refresh Billing Extensions in a Multiple Company Environment

DPS determines billing and cost rates for project reporting at the time of posting. When you post a transaction, DPS looks at the applicable billing terms to determine billing rates for project reporting purposes.

If you later update the billing terms, your updates are not reflected on the project reports unless you refresh billing extensions (**Billing** » **Refresh Billing Extensions**).

If you refresh billing extensions when you have multiple companies, you can select projects for multiple companies. The default billing terms used are based on each project's settings.

### Intercompany Billing

When multiple companies share labor or expense resources on the same project, use the automated Intercompany Billing process to account for this sharing. The Intercompany Billing process lets each company match costs with revenue and assess profitability.

You can share employee resources among companies while accounting for the labor and expense charges associated with the shared work effort:

- **Labor Charges**: An employee from one company can charge time to another company's project, phase, or task on his or her timesheet.
- **Expense Charges**: An employee from one company can charge travel, meals, and other expenses to another company's project on his or her expense report.

The Intercompany Billing process also creates intercompany accounts receivable and intercompany accounts payable entries on the general ledger, keeping each company's Balance Sheet in balance.

### Generate Intercompany Invoices and Accounts Payable Vouchers

You can generate invoices and accounts payable vouchers related to intercompany transactions. These intercompany invoices and accounts payable vouchers do not affect the general ledger. They are designed to help you track intercompany transactions on accounts receivable reports and track intercompany accounts payable vouchers on accounts payable reports.

Note that using detailed subledgers requires additional setup steps.

### Intercompany Suspense Account

When a transaction involves another company, some time will pass between the transaction posting date and the date that you run the Intercompany Billing process. To support the need to balance accounts during this time, you must create an intercompany suspense account as part of configuration.

### Intercompany Organization

You must also specify an intercompany organization, so that DPS knows how to handle implicit postings for intercompany transactions.

### Process Intercompany Billing

Click **Accounting** » **Intercompany Billing** to display the Intercompany Billing form. This form displays only those posting logs that contain intercompany labor or expense entries. Use this form to complete the Intercompany Billing process.

### Alternative to Intercompany Billing

Instead of using Intercompany Billing, you can use the work breakdown structure to divide a project into phases and tasks, then assign different pieces of the project to different companies. If you do this, employees enter charges to the project, phase, or task component that has been assigned to their company through the organization structure.

This approach holds each company tightly accountable for its portion of the contract. The project’s compensation can be explicitly divided among the companies and each company can establish a separate budget for its work.

However, this approach requires significant administration to set up and monitor additional phases or tasks. Contract amounts need to be negotiated between the companies. Each company controls which project components can receive intercompany charges from employees.

## Approaches to Intercompany Billing

Choose among three basic approaches to Intercompany Billing that have different affects on your companies' Income Statements.

### Approach 1: Emphasis on Employees

In Approach 1, you transfer labor and revenue from the charged project's company to the employee's home company.

When you select Approach 1:

- A company’s Income Statement reflects the revenue and labor expense for all employees in that company. This is valuable if the companies in your enterprise want to focus on employees' efforts, no matter which projects they charge.
- Labor belongs in the employee's company. Intercompany Billing moves labor from the project's company to the employee's home company.
- Revenue belongs in the employee's home company. Intercompany Billing moves all (or a portion of) revenue from the project's company to the employee's home company.
- Overhead belongs in the employee's home company. Intercompany Billing does not make any overhead entries.

### Approach 2: Emphasis on Projects

In Approach 2, you transfer overhead from the employee's home company to the company that owns the project to which the employee charged time or expenses.

When you select Approach 2:

- A company’s Income Statement reflects the revenue and labor expenses for all projects owned by that company, no matter which company each employee belongs to.
- Labor belongs in the project's company. Intercompany Billing does not make any labor entries.
- Revenue belongs in the project's company. Intercompany Billing does not make any revenue entries.
- Overhead belongs in the project's company. Intercompany Billing moves a specified amount of overhead from the employee's home company to the company that owns the project.

### Approach 3: Cost Only

In Approach 3, you do not make any additional transfer of overhead or revenue to the company that owns the project to which the employee charged time or expenses.

When you select Approach 3:

- A company’s Income Statement reflects the revenue and labor expenses for all projects owned by that company, no matter which company each employee belongs to.
- Labor belongs in the project's company. Intercompany Billing does not make any labor entries.
- Revenue belongs in the project's company. Intercompany Billing does not make any revenue entries.

- Actual overhead cost stays in the employee's company. Intercompany Billing does not make any overhead entries.
- Intercompany Billing reclassifies any amounts in the Intercompany Suspense account to be an intercompany accounts receivable amount or intercompany accounts payable amount.

### Different Approaches for Different Project Charge Types

You can use one approach for regular (revenue-producing) projects, and a different approach for overhead and promotional projects. Sometimes an enterprise selects Approach 1 for regular projects, but selects Approach 2 for overhead and promotional projects. This combination results in the company's Income Statement reflecting all of the operations of revenue-producing projects that they own.

Overhead projects are typically set up so that employees only charge to projects that belong to their own company, so there is no intercompany billing. But when promotional work is done for another company, the costs of labor and associated overhead is passed to the company that benefits from the promotional effort.

In **Settings** » **Advanced Accounting** » **Intercompany Billing**, the options on the following tabs support this flexibility:

- Regular Labor
- Overhead Labor
- Promotional Labor
- Regular Expenses
- Overhead Expenses
- Promotional Expenses

### Income Statement Labor Results of Intercompany Billing

Compare the effect on Income Statement labor results if you use an employee-centered approach to Intercompany Billing versus a project-centered approach.

### Approach 1: Emphasis on Employees

| Project Company's Income Statement | | |
|---|---|---|
| A | Project Revenue (from Revenue Generation) | 900.00 credit |
| B | Intercompany Revenue Transfer Out (from Intercompany Billing) | 900.00 debit |
| C | Direct Labor (from Timesheet Posting) | 300.00 debit |
| D | Intercompany Direct Labor Transfer Out (from Intercompany Billing) | 300.00 credit |
| | Profit | 0.00 |

| Employee's Home Company's Income Statement | | |
|---|---|---|
| B | Intercompany Revenue Transfer In (from Intercompany Billing) | 900.00 credit |
| D | Intercompany Direct Labor Transfer In (from Intercompany Billing) | 300.00 debit |
| E | Actual Overhead Costs (employee's company) | 538.00 debit |
| | Profit | 62.00 |

### Approach 2: Emphasis on Projects

| Project Company's Income Statement | | |
|---|---|---|
| F | Project Revenue (from Revenue Generation) | 900.00 credit |
| G | Direct Labor (from Timesheet Posting) | 300.00 debit |
| H | Intercompany Overhead Transfer In (from Intercompany Billing) | 540.00 debit |
| | Profit | 60.00 |

| Employee's Home Company's Income Statement | | |
|---|---|---|
| H | Intercompany Overhead Transfer Out (from Intercompany Billing) | 540.00 credit |
| I | Actual Overhead Costs (employee's company) | 538.00 debit |
| | Profit | 2.00 |

#### Income Statement Expense Results of Intercompany Billing

Compare the effect on Income Statement expense results if you use an employee-centered approach to Intercompany Billing versus a project-centered approach.

### Approach 1: Emphasis on Employees

| Project Company's Income Statement | | |
|---|---|---|
| A | Project Revenue (from Revenue Generation) | 900.00 credit |
| B | Intercompany Revenue Transfer Out (from Intercompany Billing) | 900.00 debit |

| Project Company's Income Statement | | |
|---|---|---|
| C | Direct Labor (from Timesheet Posting) | 300.00 debit |
| D | Intercompany Direct Labor Transfer Out (from Intercompany Billing) | 300.00 credit |
| | Profit | 0.00 |

| Project Company's Income Statement | | |
|---|---|---|
| J | Project Revenue (from Revenue Generation) | 105.00 credit |
| K | Travel Expense (from AP Posting) | 100.00 debit |
| L | Intercompany Expense Markup (from Intercompany Billing) | 3.00 debit |
| | Profit | 2.00 |

| Expense Company's Income Statement | | |
|---|---|---|
| L | Intercompany Expense Markup Revenue (from Intercompany Billing) | 3.00 debit |
| | Profit | 3.00 |

### Approach 2: Emphasis on Projects

| Project Company's Income Statement | | |
|---|---|---|
| A | Project Revenue (from Revenue Generation) | 900.00 credit |
| B | Intercompany Revenue Transfer Out (from Intercompany Billing) | 900.00 debit |
| C | Direct Labor (from Timesheet Posting) | 300.00 debit |
| D | Intercompany Direct Labor Transfer Out (from Intercompany Billing) | 300.00 credit |
| | Profit | 0.00 |

| Project Company's Income Statement | | |
|---|---|---|
| M | Project Revenue (from Revenue Generation) | 105.00 credit |

| Project Company's Income Statement | | |
|---|---|---|
| N | Travel Expense (from AP Posting) | 100.00 debit |
| O | Intercompany Expense Revenue Transfer Out (from Intercompany Billing) | 103.00 debit |
| P | Intercompany Expense Transfer Out (from Intercompany Billing) | 100.00 debit |
| | Profit | 2.00 |

| Expense Company's Income Statement | | |
|---|---|---|
| Q | Intercompany Expense Revenue Transfer In (from Intercompany Billing) | 103.00 credit |
| P | Intercompany Expense Transfer In (from Intercompany Billing) | 100.00 debit |
| | Profit | 3.00 |

**Balance Sheet Labor Results of Intercompany Billing**

Compare the effect on Balance Sheet labor results if you use an employee-centered approach to Intercompany Billing versus a project-centered approach.

### Approach 1: Emphasis on Employees

| Project Company's Balance Sheet | | |
|---|---|---|
| A | Unbilled Services (from Revenue Generation) | 900.00 debit |
| B | Intercompany Accounts Payable (from Intercompany Billing) | 900.00 credit |
| | Change in Equity | 0.00 |

| Employee's Home Company's Balance Sheet | | |
|---|---|---|
| B | Intercompany Accounts Receivable (from Intercompany Billing) | 900.00 debit |

| Employee's Home Company's Balance Sheet | | |
|---|---|---|
| D | Payables for Actual Overhead Costs | 538.00 credit |
| E | Employee's Salary Payable | 300.00 credit |
| | Change in Equity | 62.00 |

### Approach 2: Emphasis on Projects

| Project Company's Balance Sheet | | |
|---|---|---|
| F | Unbilled Revenue (from Revenue Generation) | 900.00 debit |
| H | Intercompany Accounts Payable (from Intercompany Billing) | 840.00 debit |
| | Change in Equity | 60.00 |

| Employee's Home Company's Balance Sheet | | |
|---|---|---|
| H | Intercompany Accounts Receivable (from Intercompany Billing) | 840.00 debit |
| I | Payables for Actual Overhead Costs | 538.00 debit |
| J | Employee's Salary Payable | 300.00 debit |
| | Change in Equity | 2.00 |

#### Balance Sheet Expense Results of Intercompany Billing

Compare the effect on Balance Sheet expense results if you use an employee-centered approach to Intercompany Billing versus a project-centered approach.

### Approach 1: Emphasis on Employees

| Project Company's Balance Sheet | | |
|---|---|---|
| J | Unbilled Revenue (from Revenue Generation) | 105.00 debit |

| Project Company's Balance Sheet | | |
|---|---|---|
| L | Intercompany Accounts Payable (from Intercompany Billing) | 103.00 credit |
| | Change in Equity | 2.00 |

| Expense Company's Balance Sheet | | |
|---|---|---|
| L | Intercompany Accounts Receivable (from Intercompany Billing) | 103.00 debit |
| K | Trade Payable (from Accounts Payable posting) | 100.00 credit |
| | Change in Equity | 3.00 |

### Approach 2: Emphasis on Projects

| Expense Company's Balance Sheet | | |
|---|---|---|
| O | Intercompany Accounts Receivable (from Intercompany Billing) | 103.00 debit |
| N | Trade Payable (from Accounts Payable posting) | 100.00 credit |
| | Change in Equity | 2.00 |

#### Agreeing on an Internal Transfer Price

Whether you are transferring revenue or overhead between companies, you must establish a transfer price. For revenue-producing projects, the transfer price determines how the profit is split between companies. For overhead, the transfer price determines how the costs are split between companies.

For transferring revenue, your transfer price might be:

- Break-even, which is labor plus overhead.
- The average revenue multiplier on all your contracts.
- An amount established between break-even and average revenue multiplier.
- An amount that equals your billing rates.

For transferring overhead, your transfer price might be:

- The enterprise-wide overhead rate.
- Each company's established overhead rate.
- Direct personnel expenses only.

### When to Process Intercompany Billing

In general, process Intercompany Billing whenever you want to assess the Income Statements of your companies.

For example, if the managers in your enterprise want to see Income Statements on a weekly basis, then you must process Intercompany Billing weekly, because processing Intercompany Billing can affect profit and loss figures. If you have users who access Income Statements throughout the accounting period, you should process Intercompany Billing after every timesheet posting (at a minimum).

You should process Intercompany Billing at least once a month, perhaps as part of your usual month-end procedures. Note that if you make any last-minute adjustments to labor or expenses that affect intercompany transactions, you must process Intercompany Billing again to get accurate data.

## Asset Management and Multiple Companies

Keep these facts in mind when you track multiple companies in DPS and use the Asset Management application.

- **Asset Management Settings**: You must configure asset management separately for each company. The settings that you enter in **Settings** » **Accounting** » **Asset Management** only apply to the active company.
- **Equipment Hub**: When you have multiple companies, the Equipment Lookup dialog box in the **Search** field on the Equipment form includes equipment items from all companies. However, the only equipment items that display in the dialog box are those from the companies to which you have security access.
- **Processing Options**:
  - **Depreciation**: You must run depreciation processing separately for each company. Depreciation only applies to assets that belong to the active company.
  - **Transfers/Splits**: You can process a transfer or split for an asset item only if you are transferring or splitting from and to a project in the same company. Transfers/splits only apply to assets that belong to the active company.
  - **Disposal** : You can complete a disposal session for assets that belong to the active company.

## CRM and Multiple Companies

When you track multiple companies in DPS, CRM data is tracked at the enterprise level, so that it is available to all companies in your enterprise.

This means that CRM users can:

- See all client interactions taking place throughout the enterprise.
- Share calendars.
- Schedule meetings with each other.
- Share information about activities, such as phone calls and email messages to clients.

You can limit sharing rights in CRM. For example, you might allow all companies to share client names and addresses, but not activities.

## Planning and Multiple Companies

Use Project Planning tools across all of the companies in your enterprise to get an overview of your project planning and resource management efforts, enterprise-wide. When you create a project plan, DPS allows you to find an employee with specific skills or qualifications.

Sharing resources also helps you to maximize employee utilization.

## Consolidated Reporting for Multiple Companies

When you track multiple companies in DPS, you can generate consolidated financial statements that merge data from multiple companies.

### Consolidation Groups

Your enterprise determines how financial results are consolidated by setting up consolidation groups. Each consolidation group represents a combination of companies for which data is merged on reports (for example, all European companies of a global enterprise).

You can set up as many consolidation groups as you need. Most enterprises set up a consolidation group that includes all companies, so that they can generate consolidated reports for the entire enterprise.

Use **Settings** » **Organization** » **Consolidated Reporting** to:

- Set up consolidation groups.
- Specify any elimination accounts other than those that are eliminated automatically.
- Specify translations between currencies, if you are also tracking multiple currencies in DPS.

### Eliminating Accounts to Produce Consolidated Reports

At the simplest level, consolidating financial results is a matter of taking balances for common accounts across companies and adding them together to arrive at overall account totals.

However, in practice you must eliminate certain accounts to produce consolidated reports.

- DPS automatically eliminates accounts used solely to manage intercompany transactions, to the extent that these transactions are between the companies being consolidated. These include intercompany accounts receivable and intercompany accounts payable accounts.
- In addition, you can specify any other accounts that you want to eliminate when a group is consolidated. For example, you can eliminate accounts for loans between companies in the group or equity accounts representing subsidiary holdings.

### Supported Accounting Standards

Different countries have different standards governing how multicompany consolidation reporting can be performed. DPS's Multicompany application supports Generally Accepted Accounting Principles ( GAAP), International Accounting Standards ( IAS), and other accounting standards used throughout the world, and complies with FASB Statement 52.

### Consolidation Process

Process consolidations in the Accounting application. Recommended timing is to process consolidations once each month, immediately before you generate consolidated general ledger reports. Process consolidations again if you change accounting information (for example, re-run Revenue Generation) after you process consolidations for a period, or the information on your consolidated reports may be inaccurate.

### Consolidated General Ledger Budgeting

Establish general ledger budgets for your consolidation groups in the Accounting application.

### Consolidated General Ledger Reports

Generate consolidated financial statements in the Reporting application.

## Multiple Currencies

The Multicurrency feature lets your enterprise transact business in any number of global currencies, while maintaining core financial records in a single, functional currency.

### Enable the Multicurrency Feature

To begin using the Multicurrency feature, use the Activate Currencies page of the Setup application.

### Features

The Multicurrency feature lets your enterprise:

- Process transactions in any currency. Specifically, you can record vendor invoices, generate client invoices, and process both payments and receipts in any currency. You can also process employee expense reports containing expense items in different currencies.
- Manage a project in one currency and bill for the project in a different currency.
- Use pre-configured currency settings, including the currency symbol and number of decimal places, for currencies recognized by the International Standards Organization (ISO).
- Associate a transaction with the exchange rate in effect on the date the transaction occurs. Exchange rates are stored internally by day to facilitate these associations.
- Override the exchange rate for an individual transaction.
- Obtain exchange rates via inverse exchanges or triangulation.
- Integrate multiple currencies with the Multicompany application, which supports the management of multiple companies within a single enterprise. Each company can have its own functional currency.
- Generate reports with multiple currencies. Alternatively, for some general ledger, project, and CRM reports, you can select a single presentation currency so that all amounts are expressed in a single currency.
- Revaluate currencies to restate foreign currency balances as exchange rates fluctuate.

- Plan a project in any currency and include employees from across the enterprise in a plan, regardless of their home currencies.

## Currency Types

When you track multiple currencies in DPS, you store transactions and other data in multiple currencies and use this stored information to fulfill different business needs.

You **cannot** change a currency after related data has been posted. For example, you cannot change the project currency after you have posted expense charges against that project.

The following table explains how the Multicurrency feature tracks various currency types.

| Currency Type | Description | To Specify the Currency |
|---|---|---|
| **Functional** | The currency of the primary economic environment in which a company operates. Normally, this is the currency in which cash is generated and expended by the company. For example, a company located in France would normally use the euro as its functional or home currency.<br><br>General ledger reports use a single currency, your company's functional currency, making it easy for you to analyze your financials. | Select the currency on the Activate Currencies page of the Setup application or in **Settings** » **General** » **Currency** in the desktop application.<br><br>If your enterprise also has multiple companies, use the **Functional Currency** option on the Currency tab of **Settings** » **General** » **Company** in the desktop application to select each company's functional currency. |
| **Transaction** | The currency in which you enter an individual transaction via Transaction Entry or the Purchasing application.<br><br>For example, if a United States-based company purchases materials from Mexico and is billed in Mexican pesos, enter the vendor invoice in the transaction currency of Mexican pesos. | Use the **Currency** option on the New File dialog box in Transaction Entry, or use the **Currency Code** option on the appropriate form in the Purchasing application. |
| **Project** | The currency in which you manage a project. This currency may be different from the functional currency of the project's home company.<br><br>For each project, define the project currency at the top level of its work breakdown structure. The project currency applies to any and all lower levels (that is, phases or tasks) of the project's work breakdown structure. When labor or expense charges are made to a project, the charges are recorded in the project currency, as | Use the **Project Currency** option on the General tab of the Projects hub. |

| Currency Type | Description | To Specify the Currency |
|---|---|---|
| | well as all other appropriate currencies.<br><br>Use the project currency for all project management purposes, including project reporting and project planning. | |
| **Billing** | The currency you use to generate invoices and billing reports for a specific project and all its phases and tasks.<br><br>For each project, define the billing currency at the top level of the work breakdown structure. The billing currency applies to any and all lower levels (that is, phases or tasks) of the project's work breakdown structure.<br><br>Note that project and billing currencies do not need to be the same. You can plan and manage a project in one currency and invoice the client in another currency. | Use the **Billing Currency** option on the General tab of the Projects hub. |
| **Payment** | The currency in which you make payments. This currency may be different from the transaction currency of the original receivable or payable. | The way that you set the payment currency varies, depending on the transaction type. Typically, the payment currency is the currency specified for an account that is subsequently referenced by a bank code.<br><br>For example, on an accounts payable voucher, the bank code determines the currency in which the check or electronic funds payment is made to the vendor.<br><br>Specify currencies for accounts on the General tab of **Settings** » **Accounting** » **Chart of Accounts**.<br><br>Specify accounts for bank codes on the Bank Codes tab of **Settings** » **Accounting** » **Banks**. |
| **Consolidated Reporting** | If you track multiple companies in DPS, this is the currency used to create consolidated financial statements for multiple companies using different functional currencies. | Specify the currency when you create the consolidation group (also called the reporting group) in **Settings** » **Organization** » **Consolidated Reporting**. |

| Currency Type | Description | To Specify the Currency |
|---|---|---|
| **Presentation** | Use a presentation currency to generate a report with all amounts expressed in a single currency.<br><br>For example, if you are generating a Project Summary report that includes projects managed in multiple currencies, but you want all project financial data to appear in euros on the report, select euros as the presentation currency.<br><br>You can specify a presentation currency on general ledger reports, certain project reports, and some CRM reports (such as the Opportunity List report).<br><br>The presentation currency can be any currency enabled for use by your enterprise. | In the Report Options dialog box, specify the **Presentation Currency** options, then select the date that should be used to calculate currency exchange rates for the report. |
| **Account** | Each account set up for use as a bank account (in **Settings** » **Accounting** » **Banks**) must have a currency. You can also specify a currency for other accounts if the balance of the account should be maintained in a currency other than the company's functional currency (an account for a loan from a foreign bank, for example).<br><br>If you specify an account currency that is different from the company's functional currency, the account is considered a foreign-denominated account. | Specify the account currency on the General tab of **Settings** » **Accounting** » **Chart of Accounts** |
| **Tax** | If you set up tax auditing for a company, you must select a currency for each tax code. In most cases, this is the currency in which you report and pay tax amounts to the taxing authority.<br><br>DPS stores tax amounts for transactions in the tax currency as well as in the transaction currency and other relevant types of currency. | Specify the currency for a tax code in the **Tax Currency** field in **Settings** » **Accounting** » **Taxes**.<br><br>When you generate the Sales List or the Tax Analysis report, you have the option to display tax basis amounts and tax amounts in the tax currency. You also have the option, in the Invoice Template Editor, to add an informational line to invoices that shows the tax amount in the tax currency. (This is only a note. In supporting detail for the invoice |

| Currency Type | Description | To Specify the Currency |
|---|---|---|
| | | amount, tax amounts are displayed in the billing currency.) |

## Impact of Multiple Currencies on Hubs and Accounts

Tracking multiple currencies in DPS has different effects on different areas.

| Area | Impact of Multiple Currencies |
|---|---|
| **Accounts** | Each account that you set up for use as a bank account (in **Settings** » **Accounting** » **Banks**) must have a currency associated with it. Specify the account currency on the General tab of **Settings** » **Accounting** » **Chart of Accounts** in the desktop application. You can also specify a currency for other accounts, if the balance of the account should be maintained in a currency other than the company's functional currency (an account for a loan from a foreign bank, for example).<br>If you specify an account currency that is different from the company's functional currency, the account is considered a foreign-denominated account. |
| **Employees hub** | Monetary amounts for employee records display in the functional currency of the employee's home company, as determined through organization codes. Specify the employee's organization on the Summary Pane of the Employees hub. |
| **Marketing Campaigns hub** | Each marketing campaign must have a currency, which you specify on the Overview tab of the Marketing Campaigns hub. |
| **Opportunities hub** | Each opportunity must have a currency, which you specify on the Overview tab of the Opportunities hub. |
| **Projects hub** | You must specify a project currency on the General tab of the Projects hub in the desktop application. All lower levels of the work breakdown structure (phases, tasks) must have the same project currency. If you are using DPS Accounting, you cannot change the project currency after you have posted charges to the project.<br>Optionally, you may also specify a different currency as the project's billing currency. All lower levels of the work breakdown structure (phases, tasks) must have the same billing currency. |
| **Units hub** (in the desktop application) | For each unit, you must specify both a cost currency and a billing currency in the Units hub in the desktop application. |
| **Firms hub** | Monetary amounts on the Vendor tab are stored in the functional currency of the active company. |

## User-Defined Tabs and Multiple Currencies

When you create user-defined tabs, you can add fields related to multiple currencies.

If you use **Settings** » **General** » **User Defined Components** to add user-defined fields to a hub record, you can select these data types:

- **Currency**: Use this data type if you want the field to have a monetary amount, but allow the currency to vary from one record to another. DPS displays a field called **User Defined Currency** on the General tab of the hub for which you are creating user-defined fields.
- **Currency (Specific)**: Use this data type to specify that the currency you select is required for this field on each record in this hub.

Use the corresponding **Currency Code** field to select the currency, and then use the **Label** field to enter the description that will appear on the tab that you are modifying.

## Foreign-Denominated Accounts

In some situations, a company must manage all transactions associated with a particular account in a single currency. If your company needs to do this, you can identify the account as a foreign-denominated account, with a single currency that you specify.

DPS ensures that all transactions posted to the foreign-denominated account are in the specified currency. For example, if your enterprise has a Tokyo bank account, all transactions involving that bank must be recorded in yen.

### Tracking Currency Exchange Gains and Losses

Having foreign-denominated accounts creates the need to track gains and losses based on fluctuating exchange rates. For example, if a European company has a bank account denominated in United States dollars and the value of the euro rises against the United States dollar, the value in euros of that bank account balance drops. This results in an unrealized loss to the European company.

You can use the Gains/Losses and Revaluations process to calculate and post these types of currency exchange gains and losses, so that they appear on your financial statements according to the generally accepted accounting practices under which you operate.

### Set Up Foreign Denominated Accounts

Designate an account as foreign denominated on the General tab of **Settings** » **Accounting** » **Chart of Accounts**:

- In the **Currency** field, select the currency for the account.
- If you want to post cash-basis entries for revaluation gains and losses, select **Update Cash Basis during Revaluation**. This option is only available if you are using cash-basis accounting.
- If you want to post gains that result from the Gains/Losses and Revaluations process to an account other than the default unrealized gains account on the Gains and Losses tab in **Settings** » **Accounting** » **Company**, enter that account number in the **Revaluation Gain Account** field.
- If you want to posts losses that result from the Gains/Losses and Revaluations process to an account other than the default unrealized losses account on the Gains and Losses tab

in **Settings** » **Accounting** » **Company**, enter that account number in the **Revaluation Loss Account** field.

- If you are tracking multiple companies in DPS, you can either set up foreign-denominated accounts on a company-by-company basis, or set up a single account that is available to all companies in your enterprise.

## Transaction Processing and Multiple Currencies

When you track multiple currencies in DPS, transactions are stored in multiple currencies.

A transaction is stored in:

- The transaction currency specified when you create the transaction file in Transaction Entry. Storing amounts in the transaction currency lets you match transactions with their original source documents.
- The functional currency of the company (more specifically, the active company if you also have multiple companies) that owns the project, phase, or task being charged. This is the translated value of the amount specified in the transaction, if the transaction and functional currencies are not the same. Storing amounts in the functional currency lets you produce general ledger reports in your company's functional currency, even if the transactions referenced were originally entered in a mix of currencies.
- Other currencies, as necessary, to support billing, reporting, and other business needs. When the transaction currency differs from these other currencies, DPS calculates the appropriate exchanges.

### Example

Your United States company receives a vendor invoice in Canadian dollars. DPS stores the original invoice amount in:

- The company's functional currency, United States dollars.
- The transaction currency of the invoice, Canadian dollars.
- Other currencies, if different from the functional and transaction currencies.

Later, you can match the original vendor invoice to its transaction file, because amounts in both places are in Canadian dollars. However, on the Account Analysis report, all amounts display in United States dollars, letting you confirm that the transaction accounts and amounts are correct.

### If Currency Translations are Necessary

In general, if DPS performs a currency translation between the transaction currency and the functional currency, it stores the transaction value using the daily exchange rate in effect on the date on which the transaction occurs, unless the person who creates the transaction file in Transaction Entry deliberately overrides that rate.

## Employee Labor and Expense Charges and Multiple Currencies

All employee-related financial data is set up in the functional currency of the employee's home company, established through organization codes. An employee can work on any project, regardless of the employee’s home currency or the project currency and DPS will manage all project costing and billing issues related to using multiple currencies.

DPS uses the employee's home functional currency to calculate the cost of hours charged to a project. It then uses that initial calculation as the basis for other currency calculations, including translating the transaction into the project's billing currency.

For example, assume an employee from a Canadian company works on a project that is managed and billed in euros. When the employee charges labor to the project, the functional currency and the transaction currency of the labor charge is Canadian dollars. The Canadian dollar amount is translated into euros (the project and billing currencies) for project management and billing purposes.

### Tracking Expense Charges

An employee who travels internationally can submit an expense report with line items in different currencies. For example, an employee who travels among multiple South American countries during a single business trip might submit a single expense report for the trip, with certain line items in Chilean pesos and others in Argentine pesos.

Payment for employee expenses is always made in the functional currency of the employee's home company, established through organization codes.

### Overriding Exchange Rates for Expense Charges

For any line of the expense report, the employee can override the exchange rate used to convert the expense amount to the company's functional currency.

An employee might override an exchange rate if, for example, the employee is working in a foreign country and exchanges cash one day at an exchange rate different from the published rate for that day. All of the employee's subsequent purchases with that cash would be at a non-published exchange rate.

## Project Planning and Multiple Currencies

Some enterprises that use DPS Planning plan their projects using cost values, some using billing values, and some using both. Therefore, DPS tracks project plans in both the project currency, representing planned cost values, and the billing currency, representing planned billing values.

After the project begins, when actual labor and expense amounts are viewed in a plan, they appear in the same currency as the plan (either the project or billing currency), so that you can always directly compare planned and actual amounts.

- When you create a project from a plan, the new project inherits the project and billing currencies of the plan.
- When you create a plan from a group of projects, all projects selected must have the same project currency and billing currency, respectively.
- When an existing plan is merged to the new plan, the existing plan must have the same project currency and billing currency.

Note than any employee can be included in a plan, regardless of the employee's home currency.

## Gains and Losses Resulting from Exchange Rate Changes

An enterprise that conducts business in more than one currency can have financial gains or losses due to changes in currency exchange rates. You can set up DPS to calculate and post

currency exchange gains and losses in accordance with the generally accepted accounting practices that apply to your company.

Gains and losses commonly result from the following:

- Transactions conducted in a currency other than the principal company's functional currency.
- Revaluation of general ledger account balances denominated in a currency other than the company's functional currency.

If you track multiple currencies, DPS automatically posts realized gains and losses from foreign currency transactions when you settle the transactions. You calculate and post other currency exchange gains and losses using the Gains/Losses and Revaluations process (**Accounting** » **Gains/Losses and Revaluations**).

### Currency Exchange Gain or Loss

- A currency exchange gain occurs when the settlement of a transaction or the revaluation of an account balance results in an expected or actual increase in cash flow into your company.
- A currency exchange loss occurs when the settlement of a transaction or the revaluation of an account balance results in an expected or actual decrease in cash flow into your company.

These gains and losses can be either realized or unrealized.

### Unrealized Gains and Losses

- An unrealized currency exchange gain is an expected increase in cash resulting from a change in currency exchange rates.
- An unrealized currency exchange loss is an expected decrease in cash resulting from a change in currency exchange rates.

For example, assume that your company's functional currency is United States dollars. You bill a client in euros when the exchange rate is 1.5 dollars to the euro. At the end of the accounting period, you have not yet received payment. The exchange rate is now 1.6 dollars to the euro. When you revalue the unpaid balance based on the new exchange rate, the result is an unrealized gain. The change in the exchange rate results in a potential increase in cash for your company, but you have not yet actually received that cash.

### Realized Gains and Losses

- A realized currency exchange gain is an actual increase in cash resulting from a change in currency exchange rates.
- A realized currency exchange loss is an actual decrease in cash resulting from a change in currency exchange rates.

For example, assume that your company's functional currency is United States dollars. You bill a client in euros when the exchange rate is 1.5 United States dollars to the euro. When you post the cash receipt, the exchange rate is 1.6 dollars to the euro. The result is a realized gain. The change in the exchange rate results in an actual increase in cash for your company.

### Generally Accepted Accounting Practices and Currency Gains and Losses

Compliance with generally accepted accounting practices in the United States requires that you include realized currency exchange gains and losses in net income. For unrealized gains and losses, you can either include them in, or exclude them from, net income.

Businesses located outside of the United States sometimes operate under different standards. They may have different guidelines for determining realized and unrealized gains and losses and for including such gains and losses in net income. For example, some generally accepted accounting practices outside of the United States do not allow you to post unrealized gains or losses to Income Statement accounts.

DPS provides the flexibility to handle currency exchange gains and losses in accordance with whatever generally accepted accounting practices your company operates under.

## Accounts Payable and Multiple Currencies

When you track multiple currencies in DPS, certain considerations must be taken into account when you process accounts payable transactions.

### Transaction Currency

As with other expense transactions, a voucher can use any transaction currency. However, unlike employee expense transactions, a voucher's line item amounts must all be in the same transaction currency.

The transaction currency of the voucher does not need to be the same as the currency of the vendor's invoice. However, to enter the correct voucher amounts in a currency different from those on the invoice, you must manually calculate the amounts, because DPS does not translate them.

### Payment Currency

When you create a voucher, you must specify a bank code. The bank code determines the currency in which the check or electronic funds payment is made to the vendor.

To translate the voucher's total amount (transaction currency) into the payment amount (payment currency), DPS uses the voucher date as the exchange date for locating the most recent preceding date's exchange rate in the Daily Exchange Rates table.

You cannot modify the payment amount, but you can override it on the Currency Override dialog box.

### Tax Currency

If tax auditing is enabled for the company, when you set up a tax in **Settings** » **Accounting** » **Taxes**, you specify a currency for that tax. In most cases, the tax currency is the currency in which the tax is reported and paid to the taxing authority. DPS stores tax amounts for transactions in the tax currency, as well as in the transaction currency and other relevant types of currency.

When you generate the Tax Analysis report to review purchases and sales, you can display tax-related amounts in the currency associated with each tax. This option lets you see all amounts for a given tax in the same currency, regardless of the transaction currencies involved. (You can also use transaction currencies or functional currencies for this report.)

## Revenue Generation and Multiple Currencies

When you track multiple currencies in DPS, you must perform some additional steps to set up and use Revenue Generation.

- Before you process Revenue Generation for one or more projects, you must specify the exchange date on the Revenue Generation form (**Accounting** » **Revenue** » **Revenue Generation**). The exchange date identifies the exchange rate from the Daily Exchange Rate table that DPS should use.

  If you want to run Revenue Generation during the accounting period, you should select today's date, or the closest date available, as your currency exchange date. Use the exchange rate for that date for all currencies in which you run Revenue Generation.
- Revenue Generation always calculates a project's revenue using the project information at the lowest level of the project's work breakdown structure.
- Revenue Generation cannot be used with the currency override feature.

### Currency Used to Calculate Revenue

- Each of the standard revenue methods calculates a project's revenue in the billing currency.
- When you process Revenue Generation, DPS determines whether or not additional revenue has accrued as a result of expressing the revenue in the project's billing currency. If it has, DPS translates this incremental amount into the equivalent amount in the project's functional currency, and posts the resulting amount to the general ledger.
- A project's revenue method formula often includes data that affects the project's billable amount. Any amount needed to reconcile the revenue amount with the project's billable amount is expressed as work in progress ( WIP) or Unbilled Services. This reconciliation amount is in the project's billing currency.
- As part of the Revenue Generation process, DPS recalculates the unbilled balance in the project's functional currency and compares the amount to the unbilled balance in the billing currency (the currency in which revenue is being calculated) as of the exchange date specified on the Revenue Generation form. During this process, DPS resolves any difference between these balance amounts that results from exchange rate fluctuation.
- You can also select the option to **Calculate revenue separately in billing, project and functional currencies**.
  - This option is available only when you create a user-defined revenue method.
  - When you process Revenue Generation, DPS determines whether any incremental amount of additional revenue has accrued as a result of calculating revenue separately in the billing currency, the functional currency, and/or the project currency. If it has, DPS calculates the amount of the increment. No currency translation from billing currency to functional and project currency is needed when you run Revenue Generation with this option selected.
  - This option is most suitable when the segments of the revenue calculation have values in all three currencies. For example, this method is appropriate for revenue methods based on transactions. This option may not be appropriate for user-defined revenue methods that include user-defined fields, where the amount is only

expressed in one currency, or that include budget or planned amounts, which DPS may not store in the functional currency.

#### Example

Assume that you have a project with:

- A functional currency of US dollars (USD) and a billing currency of British pounds (GBP).
- A user-defined revenue method of **Labor times 3.0 multiplier + reimbursable expense**.
- Ten hours of labor worth 100 USD.

The timesheet for this labor is posted on a date when the exchange rate is 2.

- Billing currency = 50 GBP
- Functional currency = 100 USD

You process Revenue Generation on a date when the exchange rate is 1.8.

- Billing currency = 50 * 3.0 = 150GBP
- Functional currency = 150 * 1.8 = 270 USD

If you have selected the option to calculate revenue separately in each currency, you process Revenue Generation on a date when the exchange rate is 1.8.

- Billing currency = 50 * 3.0 = 150 GBP
- Functional currency = 100 * 3.0 = 300 USD

## Asset Management and Multiple Currencies

When you track multiple currencies in DPS, all of the currency values that are displayed in Asset Management and the Equipment hub are in the functional currency of the company that is associated with an asset's project.

This is the currency that is entered in the **Functional Currency** field on the Currency tab in **Settings** » **General** » **Company** for the company that is associated with an asset's project.

## Purchasing and Multiple Currencies

When you track multiple currencies in DPS, DPS stores maximum purchase order amounts, buyers' purchasing limits, approvers' approval limits, and total-to-date amounts in the functional currency of the active company.

DPS stores vendor item prices in the transaction currency specified on the last purchase order.

#### Purchase Orders

For any purchase order, you can select a currency from a list of currencies enabled for use by your company. Multiple purchase requisitions and requests for quotes can be entered in the same purchase order if they are in the same currency.

After you print a final copy purchase order, DPS calculates all committed expenses and stores the amounts in these currencies:

- The functional currency of the company that owns the project, phase, or task
- The project currency of the project

- For the committed expense's billing extension, the project currency or the billing currency, depending on whether you select the **Use Billing Currency not Project Currency** option on the Reporting tab of **Settings** » **Advanced Accounting** » **System** .

## Reporting and Multiple Currencies

When you track multiple currencies in DPS, you can generate reports targeted at the special business needs of a multicurrency enterprise.

For example, you can generate:

- An Income Statement for a London company, with all amounts shown in British pounds, the company's functional currency.
- An Aged Accounts Receivable report for the Asian region, which includes all invoices with a transaction currency of Japanese yen, Chinese yuan, or Hong Kong dollars.
- An Aged Accounts Receivable report with a presentation currency of Canadian dollars, used to report on invoices for a client for whom you do work in Canada, the United States, and Mexico.
- A Project Summary report for all active hospital projects, managed in any currency.

The currency options available depend on the type of report you generate.

### Multiple Currencies on a Single Report

Certain reports display multiple currencies. For example, an Employee Expense report can contain line items in different currencies and a project report can include projects managed in different currencies.

If a report contains a total line for amounts in different currencies, the total amount displays as **####**.

Note that all reports that support multiple currencies give you the ability to sort and group by functional currency code, project currency code, or billing currency code.

### Currency Symbols and Codes on Reports

For each report available from DPS Reporting, you can select settings to help you track currencies, including:

- **Use currency symbol**: Includes the appropriate currency symbol, such as $ or €, for each amount.
- **Use currency code**: Displays the three-character currency code, such as USD or EUR, in place of the currency symbol.

These options are found on the Format Currency dialog box, which you access from the Layout tab on the Report Options dialog.

### Single Presentation Currency

Use a presentation currency to generate a report with all amounts expressed in a single currency. For example, if you generate a Project Summary report that includes projects managed in multiple currencies, but you want all project financial data to appear in euros on the report, you would pick euros as the presentation currency.

You can specify a presentation currency on general ledger reports, some CRM reports, and certain project reports. You can specify as the presentation currency any currency enabled for use by your enterprise. On the General tab of the Report Options dialog, specify the **Presentation Currency** option, then select the date that DPS should use to calculate currency exchange rates.

### Consolidated Reporting

If you use multiple currencies and have multiple companies, you can generate consolidated financial statements for multiple companies that have different functional currencies.

### Tax Reporting

If tax auditing is enabled for the company, when you set up a tax using **Settings** » **Accounting** » **Taxes**, you specify a currency for that tax. In most cases, the tax currency is the currency in which the tax is reported and paid to the taxing authority. DPS stores tax amounts for transactions in the tax currency, as well as in the transaction currency and other relevant types of currency.

When you generate the Tax Analysis report to review purchases and sales, you can display tax-related amounts in the currency associated with each tax. This option allows you to see all amounts for a given tax in the same currency, regardless of the transaction currencies involved. (You can also use transaction currencies or functional currencies for this report.)

### Consolidated Reporting and Multiple Currencies

If you use multiple currencies and have multiple companies, you can generate consolidated financial statements for multiple companies that have different functional currencies.

### Consolidation Groups and Currency Translations

You can generate a single set of financial statements that consolidates financial results for all companies in the enterprise. You can also consolidate financial statements for a subset of companies. For example, you can consolidate financial statements for your three African companies, one in Angola, one in Namibia, and one in Zimbabwe, each using a different functional currency.

To select the currency for a consolidation group, use the **Currency** option on the General tab of **Settings** » **Organization** » **Consolidated Reporting**.

You must also decide how to translate account balances held in a currency other than the reporting currency chosen for the group. For example, you must decide how to calculate a consolidated accounts receivable balance in United States dollars for companies in New York, Montreal, and Mexico City, when each company tracks receivables in a different currency.

When you set up consolidation groups, you specify a translation method for each account type (assets, liabilities, net worth, and so on) on the Translations tab of **Settings** » **Organization** » **Consolidated Reporting**. These translations are performed when you consolidate data from a company whose functional currency is different from the reporting currency for the group.

The translation method for each account type applies to all transactions made to accounts of that type. The translation method options are:

- **Period End Rate**, which uses rates from the period exchange rates table for the period of the transaction.
- **Period Avg Rate**, which uses rates from the period exchange rates table for the period of the transaction.

- **Historical Rate**, which uses rates from the daily exchange rates table for the transaction date.

In general, while it is advantageous to maintain consistency in setting up your Daily Exchanges and Period Exchanges, it is not strictly necessary.

For example, you might expect the June 30, 2017 daily rate to be the **Period End Rate**, if the period ends on June 30. However, the **Period Average** may or may not be exactly the average of the Daily Rates you have entered in DPS. Some enterprises enter daily rates on a regular basis, but others may enter the **Period Average** from a published source such as the Wall Street Journal or the Oanda online currency exchange service.

### Currency Exchange Standards

Different countries have different standards governing how multiple company consolidation reporting can be performed. Therefore, in addition to selecting the reporting currency, you must provide DPS with information about how currency exchanges should be performed on reports. In general, you must comply with the consolidated reporting standards prescribed by Generally Accepted Accounting Principles (GAAP), International Accounting Standards (IAS), or the standard accounting principles of your country.

In the United States, you must comply with FASB Statement 52.

### Gains and Losses Resulting from Consolidations

When you use multiple currencies in DPS, you designate a reporting currency for each consolidation group. A given company within the consolidation group may have a functional currency that is different from the consolidation group's reporting currency. In that case, DPS translates balances from the company’s functional currency to the reporting currency. This translation process can result in apparent gains and losses.

Note that these gains and losses are variances that result from the currency translation process, not true gains and losses from changes in currency exchange rates. They are for consolidated reporting only and do not affect the general ledger. We recommend that you assign them to a unique account to keep them separate from your true currency exchange gains and losses.

DPS needs to know how to handle any gains and losses resulting from rate translations between the individual company's functional currency and the consolidation group's reporting currency. To set up these translations, use the options on the Translations tab of **Settings** » **Organization** » **Consolidated Reporting**.

### Example

Assume that the following conditions are true.

You have a consolidation group containing two companies:

- Company A has a functional currency of United States dollars ( USD).
- Company B has a functional currency of Canadian dollars (CAD).

The reporting currency for the consolidation group is United States dollars ( USD).

The consolidation rules, established on the Translations tab, are:

- Balance Sheet accounts are set to Period End Rate.
- Income Statement accounts are set to Period Avg Rate.

These calculations occur:

**Income Statement Accounts:** When the Consolidation process converts all income Statement accounts to the consolidation group's reporting currency, it calculates a bottom-line profit amount:

- Company B's profit = $1,200.00 CAD
- Period Average Rate = .83333
- Translated profit = $1,000.00 USD

**Balance Sheet Accounts:** However, when the Consolidation process converts all the Balance Sheet accounts to the consolidation group's reporting currency, it calculates the following Retained Earnings amount:

- Company B's Current Retained Earnings amount = $1,200.00 CAD
- Period End Rate = .80000
- Translated profit = $960.00 USD

**Results**: The loss on the currency translation is $40.00 USD.

## Billing and Multiple Currencies

Use the Billing application to calculate and generate bills in a multiple currency environment.

### Billing Rates with Multiple Currencies

Certain rules apply when you set up billing rates in a multiple currency environment.

When you select a rate table for a project in Billing Terms, the list of available rate tables includes only those with the same currency as the billing currency of the project. For example, if your project's billing currency is euros, the lookup in the **Rate Table** field on the Labor tab of **Billing** » **Billing Terms** lists only those labor rate tables with a billing currency of euros.

Therefore, you must establish rate tables with billing currencies to support the various projects that you undertake. For example, if you know that you will be billing projects in Canadian dollars, you must set up billing rate tables that include Canadian dollars.

### Select a Rate Table's Currency

Use the **Currency** option on the following forms to select a table's currency:

- **Billing** » **Billing Terms** » **Labor Rates**
- **Billing** » **Billing Terms** » **Labor Categories**
- **Billing** » **Billing Terms** » **Labor Code**
- **Billing** » **Billing Terms** » **Labor Overrides**

By default, DPS uses the functional currency of the active company. You can click the **Currency** option to see a list of all enabled currencies for the active company, and then select the one that you want to use for the rate table.

You cannot change the currency if the rate table is already being used for a project.

### Labor Billing Rates are Rounded

DPS rounds labor billing rates to the number of decimal places for the applicable billing currency, when either of the following conditions is met:

- The labor billing method is cost-based. DPS assumes that cost rates having a precision greater than that of the billing currency are relevant to job costing needs only.
- Any significant multiplier (anything other than 1) is applied to the rate to be used for calculating the labor line item extension, which is also the rate shown on the invoice.

In cases where the rate is acquired from a billing rate table, and no significant multiplier is applied to that rate for labor line item extension and display purposes, then any significant digits in the rate beyond those of the billing currency are applied and displayed.

### Billing One Project with Multiple Companies and Currencies

You can bill out a project that has elements that belong to different companies with different functional currencies.

If you track multiple companies in DPS, lower levels of the work breakdown structure can belong to different companies. Therefore, if you also track multiple currencies in DPS, the transactions associated with a particular phase or task can be tracked in a different functional currency (the functional currency of its owning company) than those of the parent project. Phases and tasks can also have different billing terms than the parent project.

However, all projects and their related phases and tasks must be:

- Tracked using the same project currency.
- Billed using the same billing currency.

### Example

Maria Apple belongs to Company A (based on the organization structure). His labor cost amounts are stored in his home company's functional currency. For this example, the functional currency of Company A is United States dollars.

Apple works on a project owned by Company B (the active company when the project record was created). Company B's functional currency is Canadian dollars.

When Apple's timesheet is posted, DPS:

1. Converts United States dollars to Canadian dollars using the exchange rates set up in **Settings** » **General** » **Currency**.
2. Applies the appropriate markups to calculate Apple's billing amounts.

### Billing Groups

All elements of a billing group are billed in the same currency, which is the billing currency specified for the main project.

### Billing Extensions and Multiple Currencies

Billing and cost rates for project reporting are defined at the time that a transaction is posted. When you post a transaction, DPS looks at the applicable billing terms to determine billing rates for project reporting purposes. If you later update the billing terms, your updates are not reflected on the project reports unless you refresh billing extensions.

If you are using multiple currencies, DPS performs either one calculation or two calculations for billing extensions:

- DPS always calculates billing extensions in the billing currency.
- If you select the **Use Billing Currency not Project Currency** option on the Reporting tab of **Settings** » **Advanced Accounting** » **System**, DPS calculates an extra extension after the fact to convert the amount back to the project currency.

Therefore, if you have a transaction on a posting log for which the functional currency is the same as the project currency, but the billing currency is different, you need to be aware that there is actually an extra exchange being done to calculate the billing extension.

### Example

Project A belongs to Company-US and uses the following currencies:

- Functional Currency: USD
- Project Currency: BHD
- Billing Currency: EUR

These daily exchange rates are in effect:

- USD -> EUR 1.5 exchange rate
- USD -> BHD 4.5 exchange rate
- EUR -> BHD 3.0 exchange rate

The Billing Terms multiplier for the transaction is 2.0.

When calculating the billing extension for a functional amount of $100.00 (USD), DPS performs these steps:

1. 100 USD * 1.5 = 150 EUR (functional currency amount to billing currency amount)
2. 150 EUR * 2.0 multiplier from billing terms = 300 EUR (extension of billing currency amount)

   Result = 300 EUR

   If you select the **Use Billing Currency not Project Currency** option on the Reporting tab of **Settings** » **Advanced Accounting** » **System**, DPS calculates an extra extension after the fact to convert the amount back to the project currency. So DPS adds a third step, and the result is quite different:
3. 300 EUR * 3.0 = 900 BHD (billing currency amount to project currency)

   Final result: 900 BHD

## Exchange Rates

When you post a transaction, DPS checks to see if the various currency types (transaction, functional, billing, and project) are the same. If they differ, DPS performs a currency exchange.

### Calculations

If the transaction currency is the same as the project or billing currency, when a transaction is posted, the transaction amount is assigned directly to the project or billing amount. However, if the currencies differ, DPS automatically:

1. Calculates exchanges between the transaction currency and the functional currency of the company that owns the project, phase, or task associated with the transaction. The organization structure determines the company that owns the project, phase, or task.
2. Calculates exchanges between the functional currency and the project currency and the billing currency, using the fixed exchange rate (if one has been entered).

### Daily Exchange Rates

By default, DPS uses the daily exchange rate in effect on the date that you enter for the transaction. You can override an exchange rate for any transaction.

### Period Exchange Rates

The period exchange rates that you set up affect consolidated reporting.

### Exchange Rates Hierarchy

DPS follows a particular hierarchy in determining what exchange rate to use.

Conversion is based on any of the following, in this order:

1. An exchange rate or exchange date override, if one has been specified.
2. A direct exchange, based on the exchange rate table set up for your company.
3. An inverse exchange.
4. An exchange calculated using triangulation.

### Direct Exchanges

Each time a transaction is posted, its value is stored in the transaction currency and in multiple other currencies, used for billing, reporting, and other business needs. When the transaction currency is different from the other currencies, a direct currency exchange must take place.

Usually, a transaction is recorded at the daily exchange rate that was in effect on the date on which the transaction took place, unless an override is specified.

### Exchange Rate Setup

The Multicurrency feature lets you set up an exchange rate table for the currencies that your company uses regularly. Each line of the table lists:

- The "from" currency and "to" currency.
- The date to which the exchange rate applies.
- The exchange rate, to six decimal places.

Most companies update their exchange rate table at least once a month, but it can be updated as frequently as daily.

### If a Direct Exchange is Not Possible

When a direct exchange is not possible, DPS uses an inverse exchange or calculates the exchange through triangulation.

### Inverse Exchanges

If a direct exchange rate between two currencies is not entered in the exchange rate table, but you have specified an exchange rate for the same currencies in reverse, DPS converts the currency based on an inverse exchange rate.

For example:

- **Exchange rate**: 1 Japanese Yen = 0.007367 Euro
- **Inverse rate**: 1 Euro = 135.740 Japanese Yen

When using an inverse rate to calculate exchange rates, DPS rounds the resulting rate to six decimal places.

### Triangulation Currency and Exchange Rates

Triangulation is a method of currency exchange in which one currency amount is converted to another through an intermediate currency. As part of selecting currencies for your company, you can select a triangulation currency.

DPS uses the triangulation currency when no published exchange rate exists between two currencies and thus it is not possible to perform either a direct exchange or an inverse exchange.

For example, if your company needs to translate Belarus rubles to Suriname guilders, DPS might need to translate rubles to United States dollars, then United States dollars to guilders.

### Specify the Triangulation Currency

Specify a triangulation currency on the Currency tab of **Settings** » **General** » **Company**.

### If You Do Not Specify a Triangulation Currency

If DPS is unable to make a currency exchange, because there is no published exchange rate between two currencies and no triangulation currency specified, you receive a message that the currency exchange could not be made.

### Overrides to Exchange Rates and Dates

When you post a transaction, DPS normally uses the exchange rate in effect on the date that you enter for the transaction. However, you can use the Currency Override dialog box to change the exchange rate during Transaction Entry.

Use an override to account for circumstances in which the published exchange rate does not apply to a particular transaction.

You can override the rate used for the full transaction, or you can override the rate used for a single transaction line item. In either case, you can specify:

- A different exchange date, in which case the rate in effect for the specified date is used, or
- A different exchange rate altogether.

## Multiple Languages

DPS currently supports a number of languages in addition to English. The DPS forms, dialog boxes, alerts, info bubbles, and reports display information in the language selected when you log in to DPS.

If a single language is appropriate for all locations in which your company uses DPS, that version is set as your only language as part of the licensing process. You do not need the Multilingual module. However, if your company has some locations that use one language and others that use a different language, you can purchase the Multilingual module, so each DPS user can select the version that they prefer when they log in.

If you include the Multilingual module as part of your original DPS purchase, the languages you purchase are automatically available when you start the product activation and setup processes. If, on the other hand, you purchase the Multilingual module after you have begun using DPS, Deltek provides a password for that module. Enter that password on the Modules tab of the General System form (**Settings** » **General** » **General System**) to activate the module and make the languages available.

## Business Process Management

Through business process management, you can use standard protocols to call advanced DPS functionality or third-party applications.

### Business Processes

The business processes are:

- **User Initiated Workflow**: The User Initiated workflow is triggered when you add, edit, or delete a hub record. For example, you can trigger a workflow whenever you save a new project record in the Projects hub. DPS can send an email message on your behalf, present a validation warning or error message to the user, or even pass along information about the project to an external program or stored procedure that you write yourself. Then the external program or stored procedure can extend the workflow, for example, by passing the information to a project team collaboration site, where the project's information is routed to the principal for approval.

  In addition to non-programming actions like email messages and notification alerts, user initiated workflows can use the following advanced actions: custom methods, functions, stored procedures, and web services.

- **Scheduled Workflow**: The Scheduled workflow is triggered when you click a user-defined button or starts according to a set schedule. For example, you can add a Project Meeting Audit Scheduled Workflow button. When an impromptu project meeting is called because a client has scheduled an unexpected site visit, you can open the project record, click the Project Meeting Audit Scheduled Workflow button, and trigger a chain of scheduled workflows to alert team members, validate project data, and update the project collaboration site.

  In addition to non-programming actions like email and notification alerts, scheduled workflows can use the following advanced actions: custom methods, functions, stored procedures, and web services.

- **Web Services Workflow**: You can use Web Services that you write to extend DPS business logic in many different areas, including Time and Expense, Purchasing,

Resource Planning, and from any user-initiated or scheduled workflow. For example, you can specify a web service that sends purchase order information to another workflow program when a purchase order is submitted. That workflow program can initiate a two-tiered approval system where purchase orders equal to or less than $10,000 are approved by the employee's manager only and all purchase orders over $10,000 must be first approved by a manager and then a director. Once the workflow has completed in the other workflow program, your custom web service program can mark the purchase order as approved in DPS by updating the appropriate field in the SQL Server database.

### Advanced Actions

In both User Initiated Workflows and Scheduled Workflows, business processes can be further extended using advanced actions. Use advanced actions to tailor business processes to meet your enterprise's requirements. Some of these advanced actions are defined and configured by DPS, and others are completely customizable through advanced programming. The advanced actions include:

- **Custom Methods**: A custom method is a program that you can write (in the form of a DLL) that resides on the DPS application server. For example, you can use a custom method to modify your DPS database if the standard DPS behavior does not suit your needs. Custom methods let you use the same database connection and transaction that is used by DPS itself. Therefore, they can be particularly useful when you want to make additional updates to the DPS database, and include those updates in the same transaction as the original action being performed by the user (for example, saving a new project record).
- **Expressions**: You can use an expression in the Column Change Workflow action to automatically populate data in a User Initiated or Scheduled Workflow. For example, you can have a project user-defined field for Total Contract Value. This field can be automatically updated with the sum of the Compensation, Consultant Fee, and Reimbursable Allowance whenever one of those three fields is changed for a project.
- **Functions**: You can use functions to input parameters on a method that you insert on a form in DPS. After selecting the method, you can use the SQL Expression builder to create an argument that defines the function.
- **Stored Procedures**: If you do not want to write Visual Basic or C# code in the form of a custom method, you can instead used stored procedures to execute custom SQL on the DPS database. Although creating a stored procedure requires knowledge of T-SQL, it is an efficient method to use. However, there are some limitations to stored procedures, including that you are limited to operations inside the database and that you cannot pass back validation messages to the user.
- **Web Services**: You can call a web service to integrate DPS data with another application. For example, you can call a web service that shares employee information between the Employees hub and your third-party human resource application when you save an Employees hub record, keeping the two databases consistent and up-to-date.
- **Workflow Alerts**: Workflow alerts are configurable and provide the flexibility to trigger and schedule alerts based on your requirements. These alerts differ from the standard System and Company alerts that are pre-configured in DPS.

### Applications that Use Advanced Actions

Advanced actions are used in the following applications:

| Advanced Action | Application |
|---|---|
| Workflow Alerts | Scheduled and user initiated workflows for hubs and billing terms |
| Custom Methods | Scheduled and user initiated workflows for hubs and billing terms; auto numbering |
| Expressions | Scheduled and user initiated workflows for hubs and billing terms; auto numbering |
| Functions | Scheduled and user initiated workflows for hubs and billing terms |
| Stored Procedures | Scheduled and user initiated workflows for hubs and billing terms; auto numbering |
| Web Services | Scheduled and user initiated workflows for hubs and billing terms; web service workflow for Time, Expense, Transaction Center, Purchasing, Inventory, Planning; auto numbering |

### Standard Features for Automating Business Processes

You can also use some standard features to automate business processes.

- **Approvals**: You can configure an approval process in the Time, Expense, Purchasing, and Transaction Center applications. If approvals are enabled and configured, DPS automatically alerts approvers of newly submitted records. Once approved, those records are ready for posting.
- **Standard Alerts**: Standard alerts are pre-configured in DPS and are designed to remind you when tasks need to be assigned or approved, when you need to submit timesheets, and when your opportunities advance from one stage to the next.
- **User Defined Workflow Button**: The DPS Screen Designer includes a feature that allows you to insert a user defined workflow button on a form to initiate a workflow. For example, you can create a scheduled workflow called Validate Address, which has a web service action that validates a contact's address through a mapping web site. Then, when a user enters a contact's address, he or she can click on a button to start that workflow process and validate the address. This feature is accessible on forms where the Screen Designer and Workflow are both available.

## Security

DPS's security lets a system administrator grant or restrict a user's access to applications, forms, records, and options.

### Create Roles

As the first step in setting up security, create user roles that reflect your enterprise's business rules. For example, create a marketing role that can only view those portions of DPS that relate to marketing activities.

After you create roles, assign each user or a group of users to a role. Every user must have a role.

Use record level security to limit a user's access to specific records (specific opportunities, employees, and so on). For example, you may limit a marketing person's access to only those opportunities in a particular region of the country.

### Create Users

Users are individuals who use DPS. Every user must have a user record in DPS. Create a user from scratch or from an existing Employees hub record, then assign the user to a role.

When a user logs in, the user can perform only those actions to which his or her security role has access.

### Assign Passwords

To log into DPS, each user must have a DPS username and password. A system administrator establishes password policies and determines the username and password for each user. A user cannot change his or her username but can change his or her password.

### Windows Integrated Security

DPS supports Windows Integrated Security, which allows users to log in one time for both Windows and the DPS application. Integrated Security logs a user into DPS based on the user's Windows domain network login. If a user is not logged into the company network, the user will be prompted for a network ID and password before he or she can log into DPS.

You can use single sign-on functionality if you sign up for and configure Microsoft Azure Active Directory (Azure AD).

## Accounting Administrator and CRM Role Types

When you set up security roles, you identify a role as belonging to one or more of these main categories: Setup, Accounting, Administrator, or CRM.

Select the **Type of Role** on the General tab of **Settings** » **Security** » **Roles**.

### Accounting User

An Accounting user can approve projects, vendors, and employees for use in Accounting applications. The System Administrator may designate certain hub fields as required for an Accounting user. A hub record cannot be saved if required fields are empty.

This option is available:

- **When Accounting and CRM are installed**: The type of role can be set to Accounting, which enables the Select Period dialog box.
- **When only Accounting is installed**: The type of role can be set to either Accounting or Administrator, which allows an enterprise with non-accounting users to enter new projects and associated information, without the ability to approve them for use in Accounting applications (for example, timesheets).

### CRM User

This option is available when DPS Accounting and CRM are installed. It gives users access to employee, project, and vendor records marked as **Available to CRM users**. If the user is not also marked as an Accounting user, he or she is allowed to enter new employee, project, and vendor

records without completing fields required for Accounting users. CRM users cannot approve records for use in Accounting applications.

The Administrator may designate certain hub fields as required for a CRM user. A hub cannot be saved if required fields are empty.

### Administrator User

Select this option to give the role Administrative privileges for the following:

- **Dashboard**: The Administrator can save the dashboard layout for other users.
- **Process Queues**: The Administrator can stop and start process queues and see jobs submitted by other users in the process queue manager.
- **Lookups**: The Administrator can access all records in lookups (even if they are not available to CRM and/or Accounting users).
- **Hubs**: The Administrator can use the Tab Designer to customize hub labels.
- **Login**: The Administrator can log in even if all users are disabled in the User Activity application.

### Example

A marketing user whose role type is CRM sets up a new project called XYZ. After a period of time, the XYZ project progresses to the point where it is necessary to enter accounting information for the project. The CRM user selects the **Available to Accounting Users** option on the General tab of the Projects hub record for project XYZ.

A person in the accounting department, whose role type is Accounting, now sees the XYZ project in her list of projects. She goes to the Accounting tab of the Projects hub record for project XYZ and enters relevant accounting information. She also selects the **Available for Use in Accounting Applications** option on the General tab. (This option is not available to a CRM user.)

Now the project is available for use on timesheets and for accounting purposes.

## Access Rights to Menu Items

When you set up security roles, you can assign access rights to specific DPS menu items.

Select menu items on the General tab of **Settings** » **Security** » **Roles**. Click the plus sign next to a menu option to see and select sub-menus.

### Full Access to All Menu Items

Select the **Full access to all menu items** option to automatically assign full access rights to all menu items. DPS selects every menu item listed on the General tab.

- If menu items are added to DPS in the future, the role will automatically have access to the new menu items.
- The list of menu items reflects the Navigation menu. If you customize your Navigation menu, the list reflects those changes.

### Access to Specific Menu Items

In most cases, you will not give a role full access to all menu items, but will select specific menu items and/or submenu items.

## Record Level Security

When you set up security roles, you can control the specific records that a role can access and what they can do with those records. This is called record level security or row level security.

You can also specify the type of access the role has to a group of records: read only, modify only, add/modify, or full.

Set up record level security on the Record Access tab of **Settings** » **Security** » **Roles**.

Record level security works in conjunction with DPS lookups. When a user displays a lookup list, the list includes only those records that the user's role is able to access. The user cannot navigate to any records that they do not have permission to access.

Record level security also works in conjunction with the work breakdown structure and other hierarchical structures in DPS. For example, if a role has access rights to a project (level one of the work breakdown structure), then that role also has access rights to phases (level two) and tasks (level three) of that project. However, if a role only has access to a specific phase of a project, the role can only access tasks within that particular phase.

### Examples

For example, a project manager has full access to the Employees and Projects hubs, whereas a project consultant only needs read access to the Projects hub.

In a more complex example, a project manager only has read access to the Opportunities hub records for the state of Missouri.

### Access

The Record Access tab of **Settings** » **Security** » **Roles** lists all of the DPS application areas. For each application area, you can choose one of the following access levels:

- **Read Only**: The role can look at records but not add, modify, or delete record information.
- **Modify Only**: The role can look at records and make modifications to information, but cannot add new records or delete records.
- **Add/Modify**: The role can look at, modify, and add records, but cannot delete records.
- **Full**: The role has full rights to the records. This includes the ability to read, add, modify, and delete records.

### Record Level View

Click in the **Record Level View** field to display the lookup for an application area. Use the lookup to enter criteria that define the records that the role can view.

### Record Level Update

Click in the **Record Level Update** field to display the lookup for an application area. Use the lookup to enter criteria that define the records that the role can update.

The choices that you make here must be consistent with the role's access level. For example, if a role has Read Only access rights to an application area, you cannot then give the role update privileges to records in that application area.

### Set Up Users in Security

Users are individuals who use the DPS product. When you implement security, you must create a user record and username for each individual who will use DPS.

You can create new user records in any of the following ways:

- Use the Generate Users action in **Settings** » **Users** (in the browser) to create multiple user records and associate usernames with employee records already entered in the Employees hub. This is the recommended method for creating users because you can create usernames, assign users to a role, and generate passwords all at one time.
- Use the New User action in **Settings** » **Users** (in the browser) to create new user records for people who do not have employee records in the Employees hub.
- Use the **Copy** action in **Settings** » **Users** (in the browser) to copy an existing user's record, modify the record, and save changes. When you copy a user record, the new user record automatically inherits the first user's access rights and privileges, including record level security.

## Historical Data

Most likely, when you install and begin using DPS, you will already have a great deal of project and accounting data stored in other places. You must supply DPS with a certain amount of this historical data (such as account balances as of the installation cutoff date) for your DPS processing and reporting to make sense.

There are three methods for loading historical data into DPS:

- **Data Migration**: Use the Import utility to bring data into the DPS database.
- **Database Conversion**: Convert the database from another Deltek, Inc., product, including Deltek Sema4, Deltek Advantage, Deltek FMS, Deltek Award, and Deltek CRM.
- **History Loading**: Use the History Loading utility to enter historical data manually.

The History Concepts help covers only concepts related to the History Loading utility.

If you choose to enter historical data through the History Loading utility, use the forms in **Utilities** » **History Loading** to enter information directly into your DPS database. You do not need to perform a separate step to post the information to your database.

Use the History Loading utility to enter data as of the end of the period prior to the installation cutoff date, which is the date on which you start processing transactions in DPS. All data that you enter in DPS after the installation cutoff date is considered transaction data.

### Installation Cutoff Date

Your installation cutoff date is the date on which you start processing transactions in DPS, also called the "go live" date.

You can use any date during the year as your installation cutoff date. Your main concerns in selecting a date should be:

- Your target date for having DPS up and running.
- Where you are now in the fiscal year and accounting period. You may use either the fiscal year end or the end of an accounting period for the installation cutoff date, but you should not use a date in the middle of an accounting period.

Although you can select a cutoff date in the past or plan to use a date in the future, keep the following considerations in mind:

- If you select a date in the past, you must reprocess any transactions that have occurred since that date.

  If, for example, you select December 31 as your cutoff date but do not begin processing with DPS until March 1, you must enter historical balances as of December 31 then enter and post all the transactions that occurred in January and February.
- If you select a cutoff date in the future, you must enter any essential history before you can process current transactions.

  If, for example, you select December 31 as the future cutoff date, you must gather and enter all your essential history up to December 31 before you can begin processing transactions that rely on that history.

### End of Fiscal Year

The end of a fiscal year is an ideal cutoff date for your history data. If you install DPS at the end of your fiscal year, you only need to enter account balances for your Balance Sheet accounts. You do not need to enter balances for your Income Statement accounts. This could save you a great deal of time and effort. However, the end of your fiscal year may already be a busy time for your staff. Before choosing a year-end cutoff date, be sure that you have the resources to handle your normal year end work plus installation.

Consider the following if you are thinking about using the end of the fiscal year as your cutoff date:

- If your fiscal year end is coming up soon, you might find it convenient to wait until year end to install DPS. This will make history loading easier.
- If you have just passed year end, you may want to install DPS now, use year end as your cutoff date, and reprocess any transactions that have occurred since year end.
- If you are not close to year end, waiting several months to install DPS or installing DPS and then reprocessing several months worth of transactions may not be worthwhile. In this case, consider choosing the end of an accounting period as your installation cutoff date.

### End of Accounting Period

Using the end of an accounting period as your cutoff date may be right for you if you are not close to year end or you do not have the resources to install DPS at year end. You can choose the end of any accounting period as your cutoff date.

Consider the following if you are thinking about using the end of an accounting period as your cutoff date:

- If you select a previous accounting period as your cutoff date, will you have the time and resources to reprocess any transactions that have occurred since then?

- If you select an accounting period in the future, will you have time to enter essential history before the cutoff date occurs and you must begin processing transactions through DPS?
- Are you near enough to year end to use the fiscal year end as your cutoff date instead of the end of an accounting period?

## History Loading

When you begin processing information in DPS, you enter transaction data through data entry and then post it to the database. For historical data, however, you bypass this process and enter data that directly updates the appropriate parts of the database.

You can begin using DPS before you have entered all history. However, the sooner you enter historical data, the sooner you can generate up-to-date reports.

Some types of historical data are required to ensure that your reports run properly, while other types of historical data are optional. The amount of optional historical data that you enter will impact the relevance of your project and accounting reports.

### Determining the Level of Detail

The amount of history that you enter depends on the level of detail that you want to include on your reports. Reports are only as thorough as the history that you provide. Depending on your reporting needs, you may decide to enter more history detail for certain projects than for others.

You may want to enter history at a level of detail that your existing records do not support. For example, assume that you have always tracked reimbursable project expenses in a single general ledger account. Now, you want to start tracking expenses separately in Consultant, Reproduction, Travel, and Miscellaneous categories so that more detailed information appears on project reports and bills. You can approach this problem in one of three ways:

- Enter all historical expenses in the Miscellaneous account. If you choose this approach, the individual expense account balances on your Income Statement will be incorrect for the first year but total expenses will be correct. Expenses will not be broken out, for example, as Consultants or Reproductions on your project reports or invoices until you begin processing transactions through DPS.
- Assign a percentage of the total historical expense to each category. You might, for example, estimate that travel usually amounts to 10% of all project expense and assign 10% of each project's total expense to the Travel account. This method affects the meaningfulness of your balances.
- Research your project expenses to determine accurate balances for each expense account. This may be a time-consuming task, and the information that you obtain may be incomplete.

### Project History

You should consider when to enter project history and how much history to enter.

### Timing

You can enter project history during installation, after installation, or not at all. Some enterprises find it easier to install DPS and process transactions for one or two accounting periods (typically one or two months) before they enter project history. This allows users to gain a better

understanding of how DPS works and where project reporting data originates, which in turn makes it easier to determine the level of history data that must be entered to meet processing and reporting needs. Keep in mind, however, that your project reports may not be useful until after you have entered project history.

### Level of Detail

Most enterprises do not maintain project files that are as detailed as the project files available in DPS. Therefore, the most difficult history decisions often involve how much project history to enter. The amount of project history that you enter affects the level of detail on your reports and your ability to process data accurately.

For example, if you do not enter labor and expense history, your project and Time Analysis reports, unbilled transactions for billing processing, and job-to-date overhead amounts will not include complete or accurate details. You also may not have sufficient data to run Revenue Generation accurately.

Conversely, you may not need complete data for all projects. You may opt to supply history for only certain projects or for no projects at all. For example, you may decide not to enter history for projects that will end during the next few months, instead entering history only for projects that will continue past a specified date in the future.

### Accounting History

Unlike project history, which is optional, you must enter a certain amount of accounting history for DPS to operate correctly. For example, if you do not enter account balances, DPS cannot begin to generate a meaningful Balance Sheet or Income Statement.

At a minimum, you should enter the following accounting history before you begin processing transactions (or shortly thereafter).

- Enter account balances in **Utilities** » **History Loading** » **Account Balances**. This will allow you to reconcile your Balance Sheet with your accounts receivable and accounts payable sub-ledgers.
- Enter accounts receivable history in **Utilities** » **History Loading** » **Invoice and Receipt**. This will allow you to enter cash receipts against outstanding invoices.
- Enter accounts payable history in **Utilities** » **History Loading** » **Accounts Payable**. This will allow you to pay vendors for outstanding vouchers.

When deciding how much accounting history to enter, you should also consider the following:

- If you do not enter full invoice and receipt history, you will not have a complete Accounts Receivable Ledger or job-to-date amounts on the Office Earnings report, and DPS may not have sufficient data to run Revenue Generation.
- If you do not enter full accounts payable voucher history, you will not have a complete Accounts Payable Voucher report.

### Effects of History Loading

History loading has an impact on some of the transactions that you process in DPS, as well as on your project and financial reports.

The following table summarizes the processes and reports that are affected by historical data.

| History Loading Form | Processes/Reports Effected by History Loading |
|---|---|
| Labor and Expense | **Labor Section**<br>▪ Job-to-Date project reports<br>▪ Time Analysis Report (if the project is included)<br>▪ Bill processing<br>▪ Overhead allocation (if the project is set up to receive overhead)<br>▪ Revenue generation (if the method is specified)<br>**Expense Section**<br>▪ Job-to-Date project reports<br>▪ Bill processing<br>▪ Revenue generation (if the method is specified)<br>**Overhead Field**<br>▪ Job-to-Date project reports at cost |
| Invoice and Receipt | **Invoice Section**<br>▪ Accounts Receivable reports<br>▪ Job-to-Date Office Earnings Report (billed columns)<br>**Receipt Section**<br>▪ Accounts Receivable reports |
| Accounts Payable | **All Sections**<br>▪ Voucher Schedule<br>▪ Voucher Ledger |
| Absence Accrual | **All Sections**<br>▪ Absence accruals processing<br>▪ Accrued Time report |
| Account Balances | **All Sections**<br>▪ Balance Sheet<br>▪ Income Statement |
| Payroll | **All Sections**<br>▪ Employee Payroll List<br>▪ Form 940 Worksheet<br>▪ Form 941 Worksheet<br>▪ State Unemployment Insurance Worksheet |

| History Loading Form | Processes/Reports Effected by History Loading |
| --- | --- |
| | ▪ State/Local Income Tax Worksheet<br>▪ Withholdings By Category Report |

# Asset Management

Asset Management is an optional application that you use in conjunction with the Equipment hub to track and process depreciation or amortization for asset items that you capitalize.

### Equipment Hub

The Equipment hub stores asset item records and the information used to calculate depreciation or amortization for each asset item. You can also assign an employee to an asset item and track an asset's assigned employee and location. You can associate units with an asset item to track the unit-generated billing values for the asset item.

The Equipment hub stores two types of items:

- **Asset items**: These are items that you purchased for overhead projects that are capitalized and depreciated over time.

  You can also enter an asset item for capital leases and prepaid items, such as general liability insurance, that are amortized over time.
- **Equipment items**: These are items that you purchased for regular projects that you do **not** depreciate. You must use the Purchasing application to track equipment items.

### Transaction Center and Purchasing Applications

You can create asset items:

- Automatically from accounts payable vouchers that you enter in Transaction Entry in the Transaction Center.
- Automatically from purchase orders, change orders, or release orders that you enter in the Purchasing application.
- Directly in the Equipment hub.

### Asset Management Application

In the Asset Management application, you:

- Process depreciation and amortization for asset items.
- Transfer and split asset items.
- Dispose of asset items.
- Review history, summary, and section 179 information for asset items.

### Multiple Companies

If you use multiple companies, you configure Asset Management for each individual company. When you process depreciation, transfers, splits, and disposals, you process asset items for only

the active company that you selected when you logged in. However, in the **Search** field in the Equipment hub, you can choose to view or enter information for asset items from any company.

### Multiple Currencies

If you use multiple currencies, all of the currency values that are displayed in the Equipment hub and Asset Management are in the functional currency of the active company.

### Asset Management Reports

You can print or view an Asset Detail or Asset Summary report from the following locations:

- **Hubs** » **Equipment**
- **Reporting** » **Equipment**

### Configuration for Asset Management

#### Purchasing Items

Before you can create asset items in the Equipment hub, you must set up the purchasing items upon which asset items are based in Purchasing & Inventory Settings. Asset items are created from purchasing items whose category type is Capital Items.

- Before you set up purchasing items, you must set up system-wide item categories and specify a type for them on the Item Categories tab in **Settings** » **Purchasing & Inventory** » **System**.
- Specify item categories for a company on the Item Categories tab in **Settings** » **Purchasing & Inventory** » **Company**.
- Set up purchasing items in **Settings** » **Purchasing & Inventory** » **Item Master**.

If you do not have the Purchasing application, but you have the Asset Management application, you still set up a master list of purchasing items in **Settings** » **Purchasing & Inventory** » **Item Master**.

#### Asset Management Configuration

Before you can process depreciation or amortization in the Asset Management application, you must enter configuration settings for Asset Management in **Settings** » **Accounting** » **Asset Management**. This includes setting up depreciation methods, asset types, property types, improvement codes, Section 179 information, and additional books if you want to process depreciation or amortization using a calculation other than the calculation that you use for your general ledger book. Also specify whether you want to be able to have asset items created automatically from accounts payable vouchers and purchase orders.

#### General Ledger Accounts

General ledger accounts that you set up for depreciation processing in **Settings** » **Accounting** » **Chart of Accounts** are asset accounts that are unique for an asset type, accumulated depreciation, and depreciation expense.

### Asset Management History Loading

Use Asset Management History Loading in **Utilities** » **History Loading** to enter accumulated depreciation that was posted for an asset item before you started processing depreciation for the asset item in DPS.

### Asset Item Export

Use the Asset Item Export report in **Reporting** » **Data Export** to download asset item data from DPS to a Microsoft Excel spreadsheet file or other file format.

### Advanced Data Import for Asset Items

You can import asset items (and equipment items) into the Equipment hub using the Advanced Data Import utility. Contact Deltek Customer Care for more information.

## Equipment Hub and Asset Management and/or Purchasing

The Equipment hub comes with either the Asset Management module or the Purchasing module.

The Equipment hub stores equipment items for regular projects and asset items (capital items) for overhead projects.

If you use DPS Asset Management, you can process depreciation for the asset items that are stored in the Equipment hub. The Purchasing application is **not** required for the Asset Management application to perform depreciation processing for asset items.

If you use DPS Purchasing, you can create purchase orders, change orders, and release orders for blanket purchase orders that automatically generate equipment items and asset items in the Equipment hub. However, you must have the Asset Management application to perform depreciation processing for asset items.

The following table identifies the functionality that is available with the Purchasing and Asset Management applications, used together or separately.

| | Application that You Use | | |
|---|---|---|---|
| | **Purchasing but not Asset Management** | **Asset Management but not Purchasing** | **Both Asset Management and Purchasing** |
| **Functionality Available** | | | |
| Track asset items (capital items) in the Equipment hub | Y | Y | Y |
| Track equipment items in the Equipment hub | Y | N | Y |
| Process depreciation and other depreciation tasks for asset items in the Asset Management application | N | Y | Y |
| Assign employees and enter depreciation information for asset item in the Equipment hub on the four additional tabs:Assignments, GL | N | Y | Y |

| | Application that You Use | | |
|---|---|---|---|
| Cost, GL Book, and Additional Books | | | |
| Enter equipment items and asset items directly in the Equipment hub. | Y | Y | Y |
| Automatically generate equipment items or asset items in the Equipment hub from purchase orders, change orders, and release orders from blanket purchase orders | Y | N | Y |
| Automatically generate equipment items or asset items in the Equipment hub from AP vouchers entered in Transaction Entry. | N | Y | Y |
| In Transaction Entry for AP vouchers, associate an AP voucher line item with an asset item that already exists in the Equipment hub | N | Y | Y |
| In Transaction Entry, associate a journal entry with an asset item that already exists in the Equipment hub | N | Y | Y |

## Asset Management Terminology

You should be familiar with asset management terminology.

Asset items are stored in the Equipment hub. You can create asset items directly in the Equipment hub, or have DPS create them automatically from purchase orders, change orders, release orders for blanket purchase orders, and AP vouchers. You maintain depreciation and amortization information for asset items in the Equipment hub, and you process depreciation and amortization for asset items in the Asset Management application.

The follow table provides information about the asset management terminology used across the Asset Management, Equipment hub, Transaction Center, and Purchasing applications.

| Term | Description |
|---|---|
| **Asset Item** | In the Equipment hub, equipment items for overhead projects are referred to as asset items. DPS capitalizes and depreciates asset items over time, or |

| Term | Description |
| --- | --- |
| | you can amortize them if they are capital leases or prepaid items such as prepaid insurance.<br><br>Create asset items from a purchasing item with a category type of Capital Items. Asset items are the only Equipment hub items that can be depreciated or amortized in DPS. Maintain information for the depreciation or amortization calculation for asset items, and assign employees to asset items, in the Equipment hub. You process depreciation or amortization for asset items, transfer or split asset items, and dispose of asset items in the Asset Management application. |
| **Amortization** | When you run Depreciation Processing in the Asset Management application, DPS calculates depreciation or amortization. You can depreciate asset items from the Equipment hub. You can amortize them if they are capital leases or prepaid items, such as prepaid insurance. |
| **Associate an AP Voucher Line Item with an Existing Asset Item** | In **Transaction Center** » **Transaction Entry**, use the **Associate to Existing Asset** field to associate an AP voucher line item with an existing asset item in the Equipment hub. This association increases the depreciation basis for the existing asset item; the two costs are combined for depreciation purposes. |
| **Capital Item** | Asset items are also referred to as capital items. |
| **Depreciation Basis** | The depreciation basis is the amount of an asset's cost that you can claim as a deduction over the asset's life or recovery period.<br><br>For your GL book, DPS calculates the depreciation basis for an asset item using the information that you enter on the GL Cost tab in the Equipment hub.<br><br>**Calculation of depreciation basis for your GL Book:**<br><br>(Acquisition Cost x Business Use Percentage) – Salvage Value<br><br>For any additional books that you set up, DPS calculates the depreciation basis for an asset item using the information that you enter on the Additional Books tab in the Equipment hub.<br><br>**Calculation of depreciation basis for additional books:**<br><br>(Acquisition Cost x Business Use Percentage) + Additional Costs – Salvage Value – Additional First Year Depreciation – Section 179 Deductions |
| **Equipment Item** | In the Equipment hub, equipment associated with regular projects is referred to as equipment items. These are usually billable items that you do not depreciate. Equipment items cannot be depreciated as asset items can. You can create equipment items from a purchasing item whose category type is Equipment. |
| **GL Book and Additional Books** | Use Depreciation Processing in the Asset Management application to process depreciation and amortization for your company's general ledger or GL book. Calculations are based on Generally Accepted Accounting Principles (GAAP) for financial statements. |

| Term | Description |
| --- | --- |
| | If necessary, you can also have DPS calculate depreciation and amortization differently than how it is calculated for your general ledger by using "additional books." For example, you can set up an additional book to calculate depreciation and amortization for tax purposes, based on the United States Internal Revenue Service's (IRS) depreciation guidelines, or for other non-financial reporting.<br><br>Journal entries that post depreciation and amortization to your general ledger are created for your GL book. However, depreciation and amortization for additional books are not posted to your general ledger. |
| **Impaired Asset Item (Impairment)** | A fixed asset becomes impaired when its fair market value suddenly drops below the value of its carrying value (acquisition cost less accumulated depreciation), and the loss is not recoverable. When this occurs, you reduce the asset's value on your Balance Sheet, and you recognize a loss on your Income Statement.<br><br>In DPS, you process an impairment using Transaction Entry to enter a journal entry. In the Equipment hub, you record the impairment by adding an impairment to the Acquisition Cost grid on the GL Cost tab, reducing the useful life in years on the GL Book tab, or doing both.<br><br>Entering an impairment changes the depreciation calculation going forward for the asset item. |
| **Purchasing Items**,<br><br>**Item Categories**, and<br><br>**Item Category Types** | Asset items and equipment items are created from purchasing items.<br><br>▪ Asset items are created from purchasing items whose category type is Capital Items.<br><br>▪ Equipment items are created from purchasing items whose category type is Equipment.<br><br>Specify settings for purchasing items in three places:<br><br>▪ Before you set up purchasing items, you must set up enterprise-wide item categories and specify a type for each category on the Item Categories tab in **Settings** » **Purchasing & Inventory** » **System** .<br><br>▪ Set up purchasing items in **Settings** » **Purchasing & Inventory** » **Items Master**.<br><br>▪ Specify item categories for a company on the Item Categories tab in **Settings** » **Purchasing & Inventory** » **Company**.<br><br>If you do not have the Purchasing application but you have the Asset Management application, you still set up a master list of purchasing items in **Settings** » **Purchasing & Inventory** » **Items Master**. |
| **Section 179 Deduction** | The section 179 deduction is set by the United States government and allows businesses to deduct the purchase price of assets that are leased or purchased during the tax year. Your enterprise can elect to use the section 179 deduction instead of recovering cost by taking depreciation deductions.<br><br>The section 179 deduction applies only for any additional books that you set up in DPS, not for your GL book. |

| Term | Description |
|---|---|
| | Set up section 179 limits for your tax years on the Section 179 tab in **Settings** » **Accounting** » **Asset Management**.<br><br>On the Additional Books tab in the Equipment hub, enter the section 179 deduction amount for an asset item.<br><br>Review section 179 information in **Asset Management** » **Section 179 Review**. |
| **Source Asset Item and Receiving Asset Item** | When you split an asset item, the asset item that you are splitting is referred to as the source asset item. The one or more asset items that are receiving amounts from the source asset item are referred to as receiving asset items. |
| **Split an Asset Item** | When you split an asset item in **Asset Management** » **Transfer/Split Processing**, you move its acquisition cost, salvage value, and any accumulated depreciation to one or more other existing asset items. The asset item that you are splitting is referred to as the source asset item. The asset items that are receiving amounts from the source asset item are referred to as receiving asset items. |
| **Transfer an Asset Item** | When you transfer an asset item in **Asset Management** » **Transfer/Split Processing**, you are changing the project that is assigned to it on the General tab in the Equipment hub.<br><br>You must use transfer processing to change a project for asset items that were created from accounts payable vouchers, purchase orders, change orders, and release orders, and for asset items that were created directly in the Equipment hub that have already had depreciation processed for them. If an asset item created directly in the Equipment hub has not had depreciation processed for it, you can change its project directly on the General tab in the Equipment hub. |

## Asset Management Setup Checklist

You may find it helpful to use a checklist as a guide in setting up the Asset Management application.

| Step | Description | Location |
|---|---|---|
| **Define General Ledger (GL) Account Setup:** Set up the asset account, the accumulated depreciation account, and depreciation expense. | | |
| **Set Up Asset Management**: Set up the default values for Asset Management. | | |
| 1 | Set Capitalization Minimum, Asset Periods per Year, Default Disposal Project and Account, and turn on the ability to automatically create asset items from accounts payable vouchers and/or purchase | General tab of **Settings** » **Accounting** » **Asset Management** |

| Step | Description | Location |
|---|---|---|
| | orders (Asset Item Source options). | |
| 2 | Add Additional Books (Unique Depreciation, Useful Life, Bonus Depreciation, and Section 179 Use). | Additional Books tab of **Settings** » **Accounting** » **Asset Management** |
| 3 | Set up Depreciation Methods. Straight-line is the default but you can add new methods as needed, such as Useful Life in Years, Recovery Years, Sum of Years Digit, or MACRS. | Methods tab of **Settings** » **Accounting** » **Asset Management** |
| 4 | Add Property Types. You can add as many as needed (Personal Property, Real Property, and so on). You may find it useful to include non-asset, or pre-paid items. | Property Type tab of **Settings** » **Accounting** » **Asset Management** |
| 5 | Add Improvement categories. | Improvements tab of **Settings** » **Accounting** » **Asset Management** |
| 6 | If you are using Section 179 deduction limits, add them for additional books. | Section 179 tab of **Settings** » **Accounting** » **Asset Management** |
| 7 | Set up the types of assets. These are the defaults that are used in the Equipment hub when creating and setting up assets. | Asset Type tab of **Settings** » **Accounting** » **Asset Management** |
| 8 | Configure item categories. These are required for the Equipment hub and can be item specific or general groupings. If you use multiple companies, set item categories for each company. | Item Categories tab of **Settings** » **Purchasing and Inventory** » **System** |
| 9 | Configure items in the Item Master. These are required for the Equipment hub and can be item specific or general groupings. | **Settings** » **Purchasing and Inventory** » **Items Master** |
| 10 | Configure alerts for new asset creation. | **Settings** » **Workflow** » **User Initiated Workflows** |
| **Create and Process the Asset Item**: Create the asset item manually in the Equipment hub or through an AP voucher or purchase order (if you use the Purchasing application). Process amortization/depreciation as needed. | | |

## GL Book and Additional Books for Asset Depreciation

In addition to processing depreciation or amortization for your general ledger for your financial statements ("GL book" depreciation), you can have DPS calculate depreciation or amortization differently by using "additional books."

For example, you can set up an additional book to have DPS calculate depreciation or amortization for tax purposes (based on the United States Internal Revenue Service's (IRS) depreciation guidelines) or for other non-financial reporting.

The depreciation and amortization for additional books is **not** posted to your general ledger.

### Entering Information for Calculating GL Book and Additional Book Depreciation

For each asset item that you need to depreciate or amortize, set up the information for calculating the depreciation or amortization for your general ledger (GL Book) on the GL Cost tab and GL Book tab in the Equipment hub.

To have depreciation or amortization calculated for additional books, first set up an additional book on the Additional Books tab in **Settings** » **Accounting** » **Asset Management**. Assign an ID, name, description, and identify whether or not the addition book uses Section 179. Then enter the information needed to calculate depreciation or amortization for additional books for each asset item on the Additional Books tab in the Equipment hub. Some of the fields on the Additional Books tab prefill from entries made on the GL Book tab and GL Cost tab in the Equipment hub.

### Running Depreciation Processing for GL Book and Additional Books

When you run depreciation processing in the Asset Management application, you run it separately for your general ledger book (GL book) and any additional books that you set up. You cannot process both types of books at the same time. Journal entries for your general ledger are created when you process depreciation for your GL book, but not when you process depreciation for additional books.

### Journal Entries for Depreciation for Your General Ledger Book

When you run depreciation processing, you choose whether or not to have DPS automatically post the journal entry for your GL book depreciation and/or amortization. If you choose not to have the journal entry posted automatically, you must post the transaction file for the journal entry in **Transaction Center** » **Transaction Posting** after you run depreciation processing.

### Viewing the Depreciation for Additional Books

After you run depreciation processing, you can see the depreciation and amortization that is calculated for additional books for asset items in the following places:

- In a posting log in **Transaction Center** » **Posting Logs**. Although no journal entries are created for depreciation and amortization for additional books, DPS still creates a posting log that contains the depreciation and amortization calculations.
- On the History tab in **Asset Management** » **Asset Review**. In Asset Review, you select an asset item to view, and on the History tab, you select a specific additional book whose depreciation and amortization you want to view.
- In the Asset Detail report in **Reporting** » **Equipment**. In the report options, you can choose to include only the information from an additional book on the report.

## Asset Management and Multiple Companies

Keep these facts in mind when you track multiple companies in DPS and use the Asset Management application.

- **Asset Management Settings**: You must configure asset management separately for each company. The settings that you enter in **Settings** » **Accounting** » **Asset Management** only apply to the active company.
- **Equipment Hub**: When you have multiple companies, the Equipment Lookup dialog box in the **Search** field on the Equipment form includes equipment items from all companies. However, the only equipment items that display in the dialog box are those from the companies to which you have security access.
- **Processing Options**:
  - **Depreciation**: You must run depreciation processing separately for each company. Depreciation only applies to assets that belong to the active company.
  - **Transfers/Splits**: You can process a transfer or split for an asset item only if you are transferring or splitting from and to a project in the same company. Transfers/splits only apply to assets that belong to the active company.
  - **Disposal** : You can complete a disposal session for assets that belong to the active company.

## Asset Management and Multiple Currencies

When you track multiple currencies in DPS, all of the currency values that are displayed in Asset Management and the Equipment hub are in the functional currency of the company that is associated with an asset's project.

This is the currency that is entered in the **Functional Currency** field on the Currency tab in **Settings** » **General** » **Company** for the company that is associated with an asset's project.

## Asset Depreciation Methods

The Asset Management application lets you define the types of depreciation methods that are required for managing your enterprise's assets. It defaults to using the straight-line method, but you can add other methods and their respective calculations as needed.

Configure the types of depreciation on the Methods tab in **Settings** » **Accounting** » **Asset Management**. Determine how the costs of assets are distributed, either based on time or use and using a regular or accelerated rate.

If you track multiple companies in DPS, you must run depreciation processing separately for each company. Depreciation only applies to assets that belong to the active company.

Refer to the following examples for calculating depreciation with fixed assets:

- **Straight-line**: Use this method to calculate depreciation based on the cost of the asset being reduced by an equal amount in each accounting period. This occurs over the asset's useful life. Straight-line depreciation is frequently used when the asset's usability remains static regardless of its age.

  For example, if an asset's value is $20,000.00, the useful life is 4 years, and the expected value at the end is $5000, the depreciation is $3,750. This is calculated as follows:

| Criteria | Calculation |
|---|---|
| Asset's value | $20,000 |
| Useful life | 4 years |
| Expected value at end of cycle | $5,000 |
| Depreciable amount = $15,000 | $20,000 - $5,000 |
| **Yearly depreciation = $3750** | $15,000 / 4 |

- **Sum of the years' digits**: Use this accelerated depreciation method when assuming that the asset is more productive when it is new. In other words, the depreciation is greater in the earlier years of the asset's useful life and less in the later years. However, the total amount of depreciation over the asset's useful life does not change.

  Sum of years' digits uses the following calculation for depreciation: **Depreciable base x (Remaining useful life / Sum of years digits)**.

  For example, a piece of equipment is purchased for $160,000, the useful life is 5 years, and the expected valued at the end is $10,000. Because the equipment will be sold at the end of five years for $10,000, the total depreciable cost is $150,000.

  The digits of the years are summed. 1 + 2 + 3 + 4 + 5 = **15**. The sum of the years is then used in the calculation as follows:

| Year | Depreciation Amount per Year |
|---|---|
| 1 | 5/15 of $150,000 = **$50,000** |
| 2 | 4/15 of $150,000 = **$40,000** |
| 3 | 3/15 of $150,000 = **$30,000** |
| 4 | 2/15 of $150,000 = **$20,000** |
| 5 | 1/15 of $150,000 = **$10,000** |
| **Sum** | **$150,000** |

### Depreciation Methods Examples

DPS is set up to use the straight-line method of depreciation, but you can set up additional methods for calculating depreciation.

Set up depreciation methods on the Methods tab in **Settings** » **Accounting** » **Asset Management**. Use this tab to enter the useful life, recovery years, periods, and percentages for each depreciation method that you use. You can distribute asset costs based on time or use, employing either a regular rate or an accelerated rate.

After you configure the Asset Management application and set up the different methods of depreciation that your enterprise will use, you can enter a depreciation method for each asset item in the Equipment hub, in the **Method** field on the GL Book tab.

### Straight-line Method Example

The Asset Management application comes set up to calculate the straight-line method of depreciation. Use this method to calculate depreciation based on the cost of the asset being reduced by an equal amount in each accounting period over the asset's useful life.

Straight-line depreciation is frequently used when the asset's usability remains static regardless of its age.

For example, if an asset's value is $20,000.00, the useful life is 4 years, and the expected value at the end is $5000, the depreciation is $3,750 per year. This is calculated as follows:

| Criteria | Calculation |
|---|---|
| Asset's value | $20,000 |
| Useful life | 4 years |
| Expected value at end of cycle | $5,000 |
| Depreciable amount = $15,000 | $20,000 - $5,000 |
| **Yearly depreciation = $3750** | **$15,000 / 4** |

DPS uses the following information to calculate straight-line depreciation:

| Description | Location in DPS |
|---|---|
| Depreciation Basis | GL Cost tab of **Hubs** » **Equipment** |
| In Service Date | GL Book tab of **Hubs** » **Equipment** |
| In Service Period | Calculated from the in service date |
| In Service total periods | Number of periods between the current period and the in service period |
| Useful life in years | Comes from the assigned asset class (default) or the edited value.<br>GL Book tab of **Hubs** » **Equipment** |
| Asset Period per Year | General tab of **Settings** » **Accounting** » **Asset Management** |
| Averaging Convention | Full month |
| Depreciation Method | The method defines the percentage per year to depreciate the asset. Straight-line is defined as even across the useful life.<br>GL Book tab of **Hubs** » **Equipment** |
| Previous Accumulated Depreciation | Amount accumulated to date |
| Current Accumulated Depreciation | Amount accumulated to date |
| Period Depreciation | Amount depreciated for asset |
| Catch-up Posting | Current period |

This is how DPS performs straight-line depreciation:

| Step | Description |
|---|---|
| 1 | Take the depreciation basis from the GL Cost tab of the Equipment hub. |
| 2 | Calculate the total number of useful life periods. |
| 3 | Calculate the total number of in service periods. |
| 4 | Calculate the current cumulative depreciation as follows:<br>(depreciation basis) * (in service period/total periods) |
| 5 | Calculate the current period depreciation as follows:<br>Current Cumulative Depreciation - Previous Cumulative Depreciation |
| 6 | Copy the current accumulated depreciation amount to the previous accumulated depreciation amount. |
| 7 | Add this amount to the Depreciation tab of the Equipment hub. |

### Sum of Years Digit Example

Use the Sum of Years Digit method when the asset is more productive when it is new and therefore depreciation should be accelerated.

Depreciation is greater in the earlier years of the asset's useful life and less in the later years. However, the total amount of depreciation over the asset's useful life does not change.

This method uses the following calculation for depreciation:

**Depreciation basis x (Remaining useful life / Sum of years digits)**

For example, a piece of equipment costs $160,000, the useful life is 5 years, and the expected valued at the end is $10,000. Because the equipment will be sold at the end of five years for $10,000, the total depreciable cost is $150,000.

The digits of the years are summed. 1 + 2 + 3 + 4 + 5 = **15**. The sum of the years is then used in the calculation as follows:

| Year | Depreciation Amount per Year |
|---|---|
| 1 | 5/15 of $150,000 = $50,000 |
| 2 | 4/15 of $150,000 = $40,000 |
| 3 | 3/15 of $150,000 = $30,000 |
| 4 | 2/15 of $150,000 = $20,000 |
| 5 | 1/15 of $150,000 = $10,000 |
| **Sum** | **$150,000** |

DPS uses the following information to calculate Sum of Years Digits depreciation:

| Description | Location in DPS |
|---|---|
| Depreciation Basis | GL Cost tab of **Hubs** » **Equipment** |
| In Service Period | Methods tab of **Settings** » **Accounting** » **Asset Management** |

| Description | Location in DPS |
|---|---|
| In Service Date | GL Book tab of **Hubs** » **Equipment** |
| Yearly Depreciation Amount | Multiply the **% per year** times the **Depreciation Basis**. The % per year comes from the Methods tab of **Settings** » **Accounting** » **Asset Management** |
| Current Period Cumulative Depreciation | Comes from the assigned asset class (default) or the edited value on the Depreciation tab of **Hubs** » **Equipment** |

This is how DPS performs Sum of Year Digits depreciation:

| Step | Description |
|---|---|
| 1 | Take the depreciation basis from the GL Cost tab of the Equipment hub. |
| 2 | Calculate the total number of in service periods. |
| 3 | Calculate the yearly depreciation amount. |
| 4 | Calculate the current period cumulative depreciation. |
| 6 | Copy the current accumulated depreciation amount to the previous accumulated depreciation amount. |
| 7 | Add this amount to the Depreciation tab of the Equipment hub. |

### Modified Accelerated Cost Recovery System (MACRS) Example

Use the MACRS tax depreciation method to recover the capitalized cost (basis) of tangible property that was placed in service after 1986.

MACRS is made up of two depreciation systems, the General Depreciation System (GDS) and the Alternative Depreciation System (ADS). These systems offer different methods and recovery periods for determining depreciation deductions. GDS is most commonly used.

DPS uses the following information to calculate MACRS depreciation:

| Field | Description | Location |
|---|---|---|
| **Code** and **Description** | Enter the code and description to use for the depreciation method. The code displays in the **Methods** drop-down list on the Asset Type tab of the Asset Management Settings form, and the Description displays in the **Method** drop-down list on the GL Book | Methods tab of **Settings** » **Accounting** » **Asset Management** |

| Field | Description | Location |
|---|---|---|
| | tab in the Equipment hub. | |
| **Useful Life in Years** | Determines how many periods, in total, should be applied to the depreciation method. For all depreciation methods except straight-line, you can only modify the useful life in years on the Methods tab. | Methods tab of **Settings** » **Accounting** » **Asset Management** |
| **Asset Periods Per Year** | Select the number of asset periods per year to synchronize the asset calendar with the fiscal calendar. This setting applies only if your instance of DPS is set up for 13 periods and allows you to select either 12 or 13 asset periods per year. | General tab of **Settings** » **Accounting** » **Asset Management** |

DPS defaults to applying the full month convention for depreciation; however you can configure the depreciation rate to best suit your enterprise's requirements.

For example, when setting up the MACRS half-year convention, you could reference the following table, which is provided by the IRS:

**Table 1: MACRS Half-Year Convention**

| Year | Depreciation Rate for Recovery Period | | | | | |
|---|---|---|---|---|---|---|
| | 3-year | 5-year | 7-year | 10-year | 15-year | 20-year |
| 1 | 33.33 | 20.00 | 14.29 | 10.00 | 5.00 | 3.750 |
| 2 | 44.45 | 32.00 | 24.49 | 18.00 | 9.50 | 7.219 |
| 3 | 14.81 | 19.20 | 17.49 | 14.40 | 8.55 | 6.677 |
| 4 | 7.41 | 11.52 | 12.49 | 11.52 | 7.70 | 6.177 |
| 5 | | 11.52 | 8.93 | 9.22 | 6.93 | 5.713 |
| | | | | | | |
| 6 | | 5.76 | 8.92 | 7.37 | 6.23 | 5.285 |
| 7 | | | 8.93 | 6.55 | 5.90 | 4.888 |

| Year | Depreciation Rate for Recovery Period | | | | | |
|---|---|---|---|---|---|---|
| | 3-year | 5-year | 7-year | 10-year | 15-year | 20-year |
| 8 | | | 4.46 | 6.55 | 5.90 | 4.522 |
| 9 | | | | 6.56 | 5.91 | 4.462 |
| 10 | | | | 6.55 | 5.90 | 4.461 |
| | | | | | | |
| 11 | | | | 3.28 | 5.91 | 4.462 |
| 12 | | | | | 5.90 | 4.461 |
| 13 | | | | | 5.91 | 4.462 |
| 14 | | | | | 5.90 | 4.461 |
| 15 | | | | | 5.91 | 4.462 |
| | | | | | | |
| 16 | | | | | 2.95 | 4.461 |
| 17 | | | | | | 4.462 |
| 18 | | | | | | 4.461 |
| 19 | | | | | | 4.462 |
| 20 | | | | | | 4.461 |
| | | | | | | |
| 21 | | | | | | 2.231 |

Go to the Methods tab in **Settings** » **Accounting** » **Asset Management**, enter the MACRS depreciation **Code** and **Description** in the Depreciation Methods grid, and enter**4** as the **Useful Life in Years**. When you select this grid row, the Secondary grid automatically populates with four rows, where you can enter the percentages for the 3-year depreciation rate for recovery method that is defined in the table shown above. For example, enter the following information in the grid:

| Year | Periods | Percentage |
|---|---|---|
| 1 | 6 | 44.45% |
| 2 | 12 | 33.33% |
| 3 | 12 | 14.81% |
| 4 | 6 | 7.41% |

As you can see, these percentages are in alignment with the three-year column shown on the IRS table. If you then purchase an asset item for $200,000 that falls into the MACRS three-year, half-year convention schedule, the depreciation calculation will occur as follows:

| Year | Periods | Percentage of $200,000 | Depreciation Amount based on $200,000 |
|---|---|---|---|
| 1 | 6 | 44.45% | **$88,900** |
| 2 | 12 | 33.33% | **$66,660** |
| 3 | 12 | 14.81% | **$29,620** |

| Year | Periods | Percentage of $200,000 | Depreciation Amount based on $200,000 |
|---|---|---|---|
| 4 | 6 | 7.41% | **$14,820** |

IRS Publication 946 provides detailed information for using the MACRS method of depreciation. Refer to this document for further information: http://www.irs.gov/uac/About-Publication-946

## Entering and Depreciating Asset Items

You can enter and depreciate or amortize asset items.

After you enter settings in **Settings** » **Accounting** » **Asset Management** and other related setup, you can enter asset items and process depreciation or amortization for them as outlined in the following table.

| Step | Description | Location |
|---|---|---|
| 1 | **Enter asset items in the following ways:**<br>▪ In Transaction Entry, enter an accounts payable voucher that will automatically create an asset item in the Equipment hub.<br>▪ In Purchasing, enter a purchase order, change order, or release order that will automatically created an asset item in the Equipment hub.<br>▪ Enter asset items directly in the Equipment hub. | **Transaction Center** » **Transaction Entry** (AP Vouchers)<br>or<br>**Purchasing** » **Purchase Orders**<br>or<br>**Hubs** » **Equipment** |
| 2 | **Enter information for calculating depreciation or amortization for asset items:**<br>In the Equipment hub:<br>▪ Review the depreciation or amortization information that prefills for an asset item.<br>▪ Enter other required information before you process depreciation or amortization for asset items. This includes | **Hubs** » **Equipment** |

| Step | Description | Location |
|---|---|---|
| | changing the status of an asset item from Inactive to Active before you can process depreciation for it.<br>▪ Assign employees to an asset item (optional). | |
| 3 | **Process depreciation or amortization for an asset item.** | **Asset Management** » **Depreciation Processing** |

You can also:

- Transfer or split an asset item in **Asset Management** » **Transfer/Split Processing**.
- Dispose of an asset item in**Asset Management** » **Disposal Processing**.
- Review summary information for asset items in **Asset Management** » **Asset Review**.
- Review section 179 information in **Asset Management** » **Section 179 Review**.

### Purchasing Items Used to Create Asset Items and Equipment Items

Asset items and equipment items that are stored in the Equipment hub are created from purchasing items whose category type is either Capital Items or Equipment.

Create **asset items** from purchasing items with a category type of Capital Items. Depreciate asset items in the Asset Management application.

Create **equipment items** from purchasing items with a category type of Equipment. You cannot depreciate equipment items in the Asset Management application.

You cannot create Equipment hub items from purchasing items with a category type of Materials & Supplies or Services, or from inventory items.

Set up a master list of system-wide purchasing items for your company (or all of your companies, if you have multiple companies) in **Settings** » **Purchasing & Inventory** » **Items Master**.

If you do not use the DPS Purchasing application, but you do use the Asset Management application, you still set up a master list of purchasing items in Items Master Settings.

Before you set up purchasing items in Items Master Settings, you must set up categories for the items and a type for each category, and then specify the item categories that apply for your company or multiple companies:

- On the Item Categories tab in **Settings** » **Purchasing & Inventory** » **System**, set up system-wide item categories for purchase items, and specify a type for each item category.

  The possible types for categories are Capital Items, Equipment, Materials & Supplies, and Services. Only purchasing items with a category type of Capital Items or Equipment can be tracked through the Equipment hub.
- On the Item Categories tab in **Settings** » **Purchasing & Inventory** » **Company**, specify the item categories to use for your company (or for each company, if you have multiple

companies). Specify general ledger accounts and other information, such as whether an item category is taxable. These settings help automate data entry and processing.

### Entering Purchasing Items on the Fly in the Equipment Hub

When you enter a new asset or equipment item directly in the Equipment hub, you can also enter a new purchasing item upon which to base the asset or equipment item.

You normally select an existing purchasing item upon which to base a new asset or equipment item. You select the existing item from the **Item Number** drop-down list in the Equipment hub. The purchasing items are set up in **Settings** » **Purchasing & Inventory** » **Items Master**.

However, if none of the existing purchasing items in the **Item Number** drop-down list apply for a new asset or equipment item, you can enter a new purchasing item on the fly while still in the Equipment hub. You enter the item in the **Item Number** field.

### Creating Asset Items from AP Vouchers

If you use the Asset Management application, you can have DPS automatically generate asset items in the Equipment hub from AP voucher line items that you enter in AP Voucher Transaction Entry.

After you set up the required settings and enter asset-specific information for an AP voucher line item in Transaction Entry, DPS automatically adds the line item to the Equipment hub as an asset item when you post the AP voucher. You maintain information for calculating depreciation and assign employees to asset items in the Equipment hub. The cost of the AP voucher line item determines the depreciation basis for the asset item. Process depreciation and dispose of asset items in the Asset Management application.

You can create asset items from AP voucher line items, but you cannot create equipment items (that are not depreciated) from AP voucher line items.

### Required Settings for Creating Asset Items in AP Voucher Transaction Entry

**Prerequisites:** Before you can automatically generate asset items in the Equipment hub from AP voucher line items, you must:

- Activate the Asset Management application in **Settings** » **Module Activation**.
- Select the **Allow asset entries for AP Vouchers and Journal Entries** check box for your security role on the Accounting tab in **Settings** » **Security** » **Roles**.
- Select the **AP Voucher** check box for **Asset Item Source** on the General tab in **Settings** » **Accounting** » **Asset Management**.
- Enter the default overhead project, phase, and task in the Default Overhead Project section on the General tab in **Settings** » **Accounting** » **Asset Management**.

### Creating Asset Items in AP Voucher Transaction Entry

To create an asset item from an AP voucher line item, you must select the **Allow Asset Entries** check box on the New File dialog box when you create a new AP voucher transaction file in **Transaction Center** » **Transaction Entry**.

When you select this check box, the following additional fields for asset item information display in the line items grid on the AP Vouchers form:

- **Create Asset**
- **Asset Type**
- **Item Number**
- **Associate to Existing Asset**

In the grid on the AP Voucher form, complete the information in the row for the line item. You must select the **Create Asset** check box and enter an asset type and item number from which the asset item will be created. DPS automatically creates a new asset item in the Equipment hub when you post the AP voucher.

### Entering Depreciation Information in the Equipment Hub After an Asset is Generated Automatically

After an asset item is created automatically in the Equipment hub, information from the AP voucher line item prefills in the Equipment hub on the General tab, GL Cost tab, GL Book tab, and Additional Books tab if you have additional books.

You must complete the following:

- Review the prefilled information and make any necessary changes. Enter any missing information.
- Before you can process depreciation for the asset item, you must:
  - Change the asset status from Inactive to Active.
  - Enter the in-service date for the asset item on the GL Books tab. The in-service date determines the period in which the depreciation calculation will start for the asset item.

### Asset Items and Multiple AP Voucher Line Items

An asset item can consist of an unlimited number of AP voucher line items. After an asset item is generated automatically from an AP voucher line item, you can add other AP voucher line items to it by associating other line items on an AP voucher with the existing asset item. This increases the depreciation basis for the existing asset item. DPS combines the costs for depreciation purposes. For example, if you have an existing asset item that is entered in the Equipment hub for a computer and want to add the software installation cost to the acquisition cost of the computer, you can do this by entering an AP voucher line item for the software installation and selecting the asset item for the computer in the **Associate to Existing Asset** field on the AP Vouchers entry form to make the association.

### Supporting Documents

When an equipment item is created from an AP voucher, any documents that are attached to the transaction are automatically added to the Files grid for the associated Equipment hub record.

### Associating an AP Voucher Line Item with an Existing Asset Item

If you use the Asset Management application, in Transaction Entry for AP vouchers, you can associate AP voucher line items with existing asset items in the Equipment hub.

This association increases the depreciation basis for the existing asset item. DPS combines the costs for depreciation purposes.

### Required Settings for Associating AP Voucher Line Items with Existing Asset Items

Before you can associate AP voucher line items with existing asset items in the Equipment hub, you must:

- Activate the Asset Management application in **Settings** » **Module Activation**.
- Select the **Allow asset entries for AP Vouchers and Journal Entries** check box for your security role on the Accounting tab in **Settings** » **Security** » **Roles**.
- Select **AP Voucher** for **Asset Item Source** on the General tab in **Settings** » **Accounting** » **Asset Management**.

### Associating an AP Voucher Line Item with an Existing Asset Item

To associate an AP voucher line item with an existing asset item, select the **Allow Asset Entries** check box on the New File dialog box when you create a new AP voucher transaction file in **Transaction Center** » **Transaction Entry**.

When you select this check box, the following additional fields for asset item information display in the line items grid on the AP Vouchers form:

- **Create Asset**
- **Asset Type**
- **Item Number**
- **Associate to Existing Asset**

In the grid, complete the information in the row for the line item, including selecting the existing asset to associate with in the **Associate to Existing Asset** field.

When you post the AP voucher, DPS adds the voucher line item as a new row in the Acquisition Cost grid on the GL Cost tab of the Equipment hub for the existing asset item. The **Type** field in the grid prefills with **AP Voucher** and other information from the voucher prefills in the row. DPS adds the AP voucher line item amount to the depreciation basis for the existing asset item.

#### Example

You have an existing asset item that is entered in the Equipment hub for a computer and want to add the software installation cost to the acquisition cost of the computer for depreciation purposes. You can do this by entering an AP voucher line item for the software installation and selecting the existing asset item for the computer in the **Associate to Existing Asset** field on the AP Vouchers entry form.

### Creating Asset and Equipment Items from Purchase, Change, and Release Orders

DPS can automatically generate asset items and equipment items in the Equipment hub from the line items that you enter in purchase orders.

### Types of Purchase Orders for Creating Asset and Equipment Items

Any type of purchase order (standard, blanket, or service) can generate asset items and equipment items. Release orders from blanket purchase orders generate asset and equipment items. Change orders can also generate asset and equipment items.

### When Asset and Equipment Items Are Generated

DPS generates asset items and equipment items automatically when you final print a purchase, release, or change order.

#### Asset Items

DPS generates asset items automatically from the line items of a purchase, release, or change order when you final print them, if the following conditions are met:

- You have activated the Asset Management application.
- On the General tab in **Settings** » **Accounting** » **Asset Management**, the **Purchase Order** check box for **Asset Item Source** is selected.
- The purchase order has only one distribution project assigned to it, and it is an overhead project.
- A purchase order line item has a category type of **Capital Items** and a line item number entered for it.
- If you use multiple companies and multiple currencies, a project's functional currency must be the same as the functional currency of the active company that you are logged into when you final print a purchase order.

#### Equipment Items

DPS generates equipment items automatically from the line items of a purchase, release, or change order when you final print them if the following conditions are met:

- A purchase order has only one distribution project assigned to it, and it is a regular or promotional project.
- A line item on the purchase order has a category type of **Equipment** and a line item number entered for it.
- If you use multiple companies and multiple currencies, a project's functional currency must be the same as the functional currency of the active company that you are logged into when you final print a purchase order.

### One Purchasing Line Item, One Asset or Equipment Item

Each purchasing line item that automatically generates an asset or equipment item in the Equipment hub generates one equipment or asset item, regardless of the quantity entered for the line item on the Line Items tab of the Purchase Orders form. For example, if a purchase order line item has a quantity of five, only one equipment item is generated for it in the Equipment hub, and the one equipment item represents five of that one item. If you want the five items to be five separate equipment items in the Equipment hub, you must enter five line items on the purchase order, each with a quantity of one.

### Before You Can Process Depreciation for Automatically Generated Asset Items

Before you can process depreciation for an asset item that was generated automatically from a purchase order, change order, or release order, you must open the asset item record in the Equipment hub and complete the following:

- Change the status of the asset item from **Inactive** to **Active** in the **Asset Status** field on the GL Book tab.

- Review the prefilled depreciation information on the GL Cost, GL Book, and Additional Book tabs, and confirm that it is what you expect. Make changes as necessary.
- Enter the acquisition date and the in service date for the asset item on the GL Book tab.

  The in service date determines the period in which the depreciation calculation starts for the asset item. DPS calculates a full month of depreciation for the period, regardless of the day within the period that you specified as the in service date.

  Items added to the Acquisition Cost grid on the GL Cost tab that were posted in a period after the in service date are incorporated in the depreciation calculation based on the **Life of Asset** check box selected for the item in the Acquisition Cost grid. See the discussion of Depreciation Processing for more details.

### Supporting Documents

When an equipment item is created from a purchase order, any documents that are attached to the transaction are automatically added to the Files grid for the associated Equipment hub record.

### Creating Asset Items and Equipment Items Directly in the Equipment Hub

You can add asset items and equipment items directly in the Equipment hub.

Normally, you generate asset items and equipment items from the line items that you enter for AP vouchers, purchase orders, change orders, and release orders for blanket purchase orders. The asset or equipment item is created and so is an entry for your general ledger to account for the asset item or equipment item. However, in some situations, you may need to enter asset items or equipment items directly in the Equipment hub. For example, you may have already accounted for an asset item or equipment item in your general ledger, but the asset item or equipment item is not yet entered in the Equipment hub. In this scenario, when you enter an asset or equipment item directly in the Equipment hub, your general ledger is not affected. This could be the situation if you started using the Equipment hub in DPS after you processed asset items and equipment items in DPS and the items are already accounted for in your general ledger.

An **equipment item** is created for a regular project from a purchasing item with a category type of Equipment. You cannot process depreciation for equipment items, as you can for asset items. For example, for regular projects, you can enter equipment items that were purchased by your clients directly in the Equipment hub. This allows you to track all equipment used on a project, including the equipment that your company did not purchase.

An **asset item** is an equipment item that is created from a purchasing item with a category type of Capital Items. You can process depreciation for asset items. For example, you can enter asset items directly in the Equipment hub if you purchased and processed the items in DPS before you set up and started using the Equipment hub. The costs that you enter for an asset item in the Equipment hub are not updated to the general ledger.

### Associating Units with Asset Items

In the Equipment hub, you can associate a unit with an asset item, which allows you to track the unit-generated billing value for the asset item.

For example, assume that you set up a unit to track the usage of a piece of survey equipment that is a capital asset. You associate the unit with an asset item so that you can see the possible unit-generated billing value.

Set up units to associate with asset items in **Settings** » **Units** in the desktop application.

Enter transactions that record unit-generated billing values in **Transaction Center** » **Transaction Entry** (select **Units** or **Units by Project** in the **Transaction Type** field on the Transaction Entry form).

Associate a unit with an asset item in the Unit Association grid on the GL Book tab in the Equipment hub. The following rules apply when you associate units with asset items:

- You can associate one or more units with an asset item.
- You can assign a specific unit to only one asset item. You must delete the association between a unit and an asset item if you want to associate the unit with a different asset item.

On the Unit tab in **Asset Management** » **Asset Review**, you can view the possible billing value for the units that are associated with an asset item. You can see the project, quantity, and billing amount for the units from the unit transactions posted in the Transaction Center.

### Section 179 Deductions for Asset Items

The United States government allows US companies to use a section 179 deduction to accelerate the depreciation for assets.

The government sets a yearly limit, which you can find in IRS Publication 946.

You can use the section 179 deduction for any additional books that you set up for an asset item. The deduction cannot be applied for your GL book.

### Setup

To use section 179 deductions for asset items, complete the following section 179 setup steps in **Settings** » **Accounting** » **Asset Management**:

- On the Additional Books tab, select the **Section 179** check box for any additional books for which you want to use the section 179 deduction.
- On the Section 179 tab, enter a row in the grid for a tax year, and enter the section 179 limit for the tax year. This limited amount can be applied to one or more asset items for an additional book for the tax year.

### Entering Section 179 Deduction Amounts to Asset Items

You apply a section 179 deduction to an asset item's depreciation basis, which reduces the depreciation basis. DPS uses the depreciation basis to calculate the asset item's depreciation.

Enter the section 179 deduction amount for an asset item in the **Less Section 179 Deductions** field on the Additional Books tab in the Equipment hub.

The section 179 deduction amount that you enter for an asset item cannot exceed the acquisition cost of the asset item. For an additional book for a specific tax year, you can enter a section 179 deduction amount for one or more asset items until you reach the limit set by the government. DPS prevents you from entering section 179 amounts that exceed the limit that you entered in **Settings** » **Accounting** » **Asset Management**.

Example: If the section 179 deduction limit for the tax year is $25,000 for additional book A, you can use the complete section 179 deduction of $25,000 on only one asset item whose acquisition cost is $25,000 or more. Or, you can apply portions of the $25,000 deduction to a number of different asset items. After you have applied $25,000 worth of section 179 deductions to one or

more asset items, DPS prevents you from entering any more deduction amounts for the tax year for additional book A.

### Viewing Section 179 Deduction Information

You can view section 179 deduction information for asset items on the Additional Books tab in the Equipment hub and in the following areas of the Asset Management application:

- **Section 179 Review**: View all asset items that have had a section 179 deduction applied to them for a specific tax year for a specific additional book. You also see the in service date for the asset items and the section deduction 179 limit for the tax year that was entered on the Section 179 tab in **Settings** » **Accounting** » **Asset Management**. This allows you to see the government-set limit for the year for additional books and how much of this amount you have applied to asset items.
- **Asset Review**: The **Net Section 179/179A** field on the Summary tab displays the section 179 deduction amount that is entered for a selected asset item in the **Less Section 179 Deductions** field on the Additional Books tab in the Equipment hub.

### Turning Off the Section 179 Deduction for an Additional Book

If you clear the **Section 179** check box for an additional book after you have applied section 179 deductions to asset items and depreciation has been processed for these asset items, the next time that you process depreciation, the accumulated depreciation will be recalculated without the section 179 deduction.

### Assigning Employees to an Asset Item

You can assign employees to asset items on the Assignments tab in the Equipment hub. This lets you track who is using an asset item and is responsible for it.

For example, if your enterprise issues a laptop computer to an employee, you can assign the employee to the laptop asset item.

On the Assignments tab in the Equipment hub, you can:

- Assign one or more employees to an asset item.
- Enter the date that the asset item was assigned to the employee.
- Enter address information to identify the location of the asset item, including the office and floor of a building.
- Enter the recovered date when an employee returned the asset item.

If you recover an asset item from one employee and then reassign the asset item to another employee, you can see the history of assignments for the asset item in the Employee Assignments grid on the Assignments tab.

On the Assets tab in the Employee hub, you can view the asset items that are currently assigned to an employee. When an employee returns the asset item and you clear the **Assigned** check box and enter a date in the **Recovered Date** field in the grid on the Assignments tab in the Equipment hub for that employee, the asset item is removed from the Assets tab in the Employee hub for the employee.

### Recovering an Asset Item from an Employee

When employees return asset items that they no longer use, you can unassign the employee and enter a recovery date to track the return of the asset item.

You assign and unassign an employee to an asset item in the Employee Assignments grid on the Assignments tab in the Equipment hub. After you enter a row in the grid and assign the asset item to an employee, when the employee returns the asset item, you clear the **Assigned** check box and enter a date in the **Recovered Date** field in the grid. When you save these changes, the asset item is removed from the Assets tab in the Employee hub for the employee. The row for the employee assignment and recovery remain in the Employee Assignments grid on the Assignments tab in the Equipment hub for the asset item. This allows you to see a history of when the asset item was assigned and returned by an employee. You can reassign a recovered asset item to another employee and still see the history of all assignments for the asset item on the Assignments tab in the Equipment hub.

On the Assignments tab in the Equipment hub, if you remove a row in the Employee Assignments grid by clicking **Remove** on the grid toolbar (instead of clearing the **Assigned** check box and entering a date in the **Recovered Date** field), the row for the employee is permanently removed from the grid. You can no longer see the employee's past association with the asset item. Be sure that you no longer need to know that an employee was assigned to an asset item before you permanently remove it from the grid.

## Depreciation Processing

Use Depreciation Processing in the Asset Management application to process depreciation and amortization for asset items in the Equipment hub.

In addition to depreciating asset items, you can amortize them if they are capital leases or prepaid items, such as prepaid insurance.

You normally process depreciation and amortization on a monthly basis.

When you run depreciation processing:

- Depreciation and amortization are processed for the accounting period that you have open at the time of processing.
- You can process depreciation and amortization for all asset items or for one or more asset items that you select individually.
- You process depreciation and amortization for your general ledger (GL book) and additional books separately.

  You create additional books if you need to calculate depreciation differently from how you calculate it for your general ledger, such as for tax purposes.
- Journal entries for depreciation and amortization are created for your GL Book. No journal entries are created for additional books.
- If you have multiple companies, you run depreciation processing separately for each company. Depreciation processing is performed for the active company that you select when you log in.
- If you use multiple currencies, the journal entries for the depreciation and amortization posting use a company's functional currency.

You can schedule depreciation processing to occur automatically at a future time. You can use the Undo Posting advanced utility to undo depreciation postings.

### How Depreciation or Amortization Is Calculated When You Run Depreciation Processing

When you run Depreciation Processing in the Asset Management application, the depreciation or amortization calculation for each asset item is based on the information that is entered for the asset item in the Equipment hub.

Enter depreciation and amortization information on the GL Cost, GL Book, and Additional Books tabs in the Equipment hub. This includes information such as the depreciation method, depreciation basis, in service date, and useful life in years.

In the Acquisition Cost grid on the GL Cost tab, add capitalization costs that make up the depreciation basis for calculating depreciation. Each cost in the grid has a period entered for it. The period determines when the cost will be applied to the depreciation calculation.

**Example**: You add a truck as an asset item in the Equipment hub, and the cost of the truck in the Acquisition Cost grid has a period of January 2018. In April 2018, you add a hitch to the Acquisition Cost grid for the truck with a period of April. Depreciation that is calculated prior to April does not include the hitch cost. Depreciation that is calculated after April includes the hitch cost.

### Rerunning Depreciation Processing

After you run depreciation for an asset item, if you change any information on the GL Cost, GL Book, or Additional Books tab in the Equipment hub that affects the depreciation calculation, you can rerun depreciation.

For example, you may have added an additional acquisition cost in the Acquisition Cost grid on the GL Cost tab, reduced or increased the number of useful life in years on the GL Book tab, or entered an additional cost on the Additional Books tab.

After you make a change in your most current accounting period that affects the depreciation calculation for an asset item, rerun depreciation in the most current period. DPS creates one adjusting journal entry in the most current accounting period that combines the adjusting depreciation amounts for the current period and for all prior periods for which the new depreciation calculation applies. Any costs that you add to the Acquisition Cost grid that have the **Life of Asset** check box selected apply to prior periods. A change that you make to the useful life in years also applies to prior periods, as well as any changes that you make to the **Additional Cost** field on the Additional Books tab.

When the adjusting journal entry that is made in the most current period is added to the previously posted depreciation expense and accumulated depreciation amounts for the asset item, these account balances are now correct in the most current period, per the changes made to the depreciation calculation. No journal entries are actually made for the depreciation adjustment in any prior periods; the whole correcting adjustment is made for all the affected periods in the current period. Going forward from the next period, DPS uses the changed information to calculate depreciation.

If you rerun depreciation processing in a period in which you already ran it and you did **not** change any information on the GL Cost, GL Book, or Additional Books tab in the Equipment hub that would change the depreciation calculation, you receive a message saying that no depreciation entries were generated. No depreciation is processed.

### Journal Entries Created During Depreciation Processing

When you run depreciation processing in the Asset Management application for your GL book, journal entries are created for posting depreciation and/or amortization to your general ledger. Journal entries are not created when you run depreciation for additional books.

### GL Book

When you run depreciation processing, you can select the option to have DPS automatically post depreciation and amortization to your general ledger. If you do not select this option, you must post the transaction file containing the journal entries in **Transaction Center** » **Transaction Posting**. The transaction type is Journal Entries. The transaction file name is AMDep <*YYYY-MM-DD*> <*name of the posting owner*> (where <*YYYY-MM-DD*> is the year, month, and day that the transaction file was created).

You enter the accumulated depreciation and depreciation expense accounts that are used for posting depreciation/amortization to your GL book, for each asset item, in the GL Accounts section on the GL Book tab in the Equipment hub. The accounts prefill on the GL Book tab, based on the asset type that you enter in the **Asset Type** field on the tab. You can change the prefilled accounts as needed. The asset types are set up in **Settings** » **Accounting** » **Asset Management**.

The following accounts are debited and credited for depreciation processing.

| Account | Debit | Credit |
|---|---|---|
| Depreciation Expense | X | |
| Accumulated Depreciation | | X |

If you use multiple currencies, the journal entries for depreciation and amortization use your company's functional currency.

### Additional Books

Journal entries that impact the general ledger are not created when you process depreciation and amortization for additional books. However, a posting log is still created for additional books, which contains the depreciation and amortization calculations for the additional books. View the posting log in **Transaction Center** » **Posting Logs**.

### Amortizing Capital Leases

You can set up asset items in the Equipment hub for capital leases that will be amortized when you run Depreciation Processing in the Asset Management application.

The capital lease (asset item) must be created from purchasing items whose category type is Capital Item.

DPS uses the straight-line depreciation method for amortizing capital leases. In the Equipment hub, you identify an asset item as a prepaid item by selecting **Lease** in the **Calculation** field on the GL Book tab.

### Before You Can Amortize Capital Leases Using Depreciation Processing

You must complete the following information before you can amortize capital leases in Depreciation Processing:

<table>
<tr><th>Location</th><th>What You Must Complete</th></tr>
<tr><td>Transaction Center » Transaction Entry</td><td>Enter a journal entry for the present value of the minimum lease payments:<table><tr><th>Account</th><th>Debit</th><th>Credit</th></tr><tr><td>Capital Lease (Balance Sheet)</td><td>X</td><td></td></tr><tr><td>Lease Obligations (Balance Sheet)</td><td></td><td>X</td></tr></table>Do not associate the journal entry with the capital lease asset item.</td></tr>
<tr><td>Equipment Hub</td><td>Manually create an asset item for the capital lease in the Equipment hub.</td></tr>
<tr><td>GL Cost tab in the Equipment Hub</td><td>For the capital lease asset item, enter the amount that will be amortized over the term of the lease (depreciation basis). To do this, enter a row in the Acquisition Cost grid on the GL Cost tab, with the following information:<ul><li>In the Amount field, enter the present value of the minimum lease payments.</li><li>In the Account field, enter the same Capital Lease account that you entered in Transaction Entry for the journal entry to record the capital lease.</li></ul>The amount to amortize applies for both your GL book and any additional books that you set up, which display on the Additional Books tab in the Equipment hub. On the Additional Books tab, you can also enter additional cost information to change the amortization amount (depreciation basis) for additional books as needed.</td></tr>
<tr><td>GL Book tab in the Equipment Hub</td><td>For the capital lease asset item, enter the following information on the GL Book tab, which applies for your general ledger book:<ul><li>In the Asset Status field, select Active. You cannot run depreciation processing for the prepaid item until it has an active status.</li><li>In the Calculation field, select Lease.<br>The Method field prefills with Straight-line, which you cannot change. The straight-line calculation is:<br>Monthly Amortization Amount = (Leased Asset Item Cost – Salvage Value) / Total Number of Accounting Periods in the Life of the Lease<br>The amounts for this calculation are determined by the entries that you make on the GL Cost tab, GL Book tab, and Additional Books tab (if you set up additional books).</li></ul></td></tr>
</table>

| Location | What You Must Complete |
| --- | --- |
| | ▪ In the GL Accounts section, general ledger accounts prefill in the **Accumulated Amortization** and **Amortization Expense** fields, based on the asset type that you entered in the **Asset Type** field on the GL Book tab. You can change these accounts as needed. These are the accounts that will be used for the journal entries that are created when you process depreciation for your general ledger (GL Book).<br>▪ In the Lease Details section, enter:<br>▪ Dates in the **Lease Start Date** and **Lease End Date** fields. These dates determine the number of accounting periods to amortize the lease and the period in which to start processing amortization when you run depreciation processing. The **Useful Life in Years** field on this tab does not apply for leases.<br>Example: You enter a lease start date of January 15, 2016 and a lease end date of January 14, 2017. Amortization will be calculated for 12 periods, starting in the period that begins after February 14, 2016.<br>▪ The lease vendor name and vendor contact (optional). |
| **Additional Books tab in the Equipment Hub** | For the capital lease asset item:<br>If you set up any additional books to calculate depreciation or amortization differently from your general ledger book, the following items apply specifically for leases when you complete the information in the grid on the Additional Books tab and in the fields below the grid for each row in the grid:<br>▪ The **Method** field prefills with **Straight-line**, which you cannot change.<br>▪ The lease start and end dates that were entered on the GL Book tab apply for the additional books. |

### Depreciation Processing

You process monthly amortization by running Depreciation Processing in the Asset Management application. When you run depreciation processing for your GL Book, these journal entries are created for your general ledger:

| Account | Debit | Credit |
| --- | --- | --- |
| Capital Lease Amortization Expense (Profit and Loss Statement) | X | |
| Accumulated Amortization of Lease Expense (Balance Sheet) | | X |

These general ledger entries do not apply for any additional books that you set up.

### Accounts Payable Payment Processing

When you complete an AP Payment Processing run to make a monthly lease payment, the following entries are created for your general ledger:

| Account | Debit | Credit |
|---|---|---|
| Lease Obligations (Balance Sheet) | X | |
| Interest Expense (Profit and Loss Statement) | X | |
| Property Tax (Profit and Loss Statement) | X | |
| Cash (Balance Sheet) | | X |

### Amortization Example for Leased Assets

This example shows the entries that you make in DPS for a capital lease that will be amortized.

This process involves making journal entries, entering the capital lease as an asset item in the Equipment hub, entering an AP voucher, and running depreciation processing in the Asset Management application to calculate amortization.

### Scenario

- Lease term: 10 year lease for machinery
- Lease payments: $6,000 per month x 120 months = $720,000
- Present value of lease payments: $422,385 (capitalized leases value)

### Entries in DPS

1. In the Transaction Center, post a journal entry to record the capitalized lease.
   - Debit: Capitalized Leases - Machinery
   - Credit: Obligation under Capital Leases Current
   - Credit: Obligation under Capital Leases Long-term
2. In the Equipment hub, add the machinery as an asset item.
   - In the Acquisition Cost grid on the GL Cost tab, insert the capitalized lease value of $720,000.
   - On the GL Book tab, select **Lease** in the **Calculation** field, and enter the lease details on the tab.
3. In the Transaction Center, post the lease payments as an AP voucher.
   - Debit: Interest Expense
   - Debit: Obligation under Capital Leases Current
   - Debit: Property Tax
   - Credit: Cash
4. In **Asset Management** » **Depreciation Processing**, run depreciation processing for the machinery.

   The following general ledger entries are posted:

- Debit: Amortization Expense of Capitalized Leases - Machinery
- Credit: Accumulated amortization - Capitalized Leases -Machinery

5. As required, post a journal entry in the Transaction Center to adjust the current and long-term obligation under capital leases.
   - Debit: Obligation under Capital Lease Long-term
   - Credit: Obligation under Capital Lease Current

### Amortizing Prepaid Items

You can enter asset items for prepaid items, such as general liability insurance, that will be amortized when you run Depreciation Processing in the Asset Management application.

Having DPS automatically process amortization for prepaid items through the Asset Management and Equipment hub applications is an alternative to creating recurring journal entries for prepaid items.

You create prepaid items (asset items entered in DPS) from purchasing items with a category type of Capital Item. To clearly identify prepaid items so that you can exclude them from asset item reports, you should create a separate purchasing item category for prepaid asset items in **Settings** » **Purchasing & Inventory** » **Company**.

DPS uses the straight-line depreciation method for amortizing prepaid items. In the Equipment hub, you identify an asset item as a prepaid item by selecting **Prepaid** in the **Calculation** field on the GL Book tab.

### Before You Can Amortize Prepaid Items Using Depreciation Processing

You must complete the following information before you can amortize prepaid items in Depreciation Processing:

| Location | What You Must Complete |
|---|---|
| **Purchasing** » **Purchase Orders**<br>or<br>**Transaction Center** » **Transaction Entry (AP Vouchers)**<br>or<br>**Hubs** » **Equipment** | Create a prepaid asset item in the Equipment hub in one of the following ways:<br>▪ Enter a purchase order that automatically creates the prepaid asset item.<br>▪ Enter an accounts payable voucher that automatically creates the prepaid asset item.<br>▪ Manually create a prepaid asset item directly in the Equipment hub. |
| **GL Cost tab in the Equipment Hub** | If the prepaid asset item was automatically created from a purchase order or AP voucher, its cost prefills in the Acquisition Cost grid on the GL Cost tab in the Equipment hub.<br>If you manually entered a prepaid asset item directly in the Equipment hub, enter the acquisition cost for it.<br>The acquisition cost is used to calculate the amortization basis for your GL book and any additional books that |

<table>
<tr><th>Location</th><th>What You Must Complete</th></tr>
<tr><td></td><td>you set up. On the Additional Book tab, you can enter additional information to change the amortization basis for additional books.</td></tr>
<tr><td>GL Book tab in the Equipment Hub</td><td>Enter the following information:<ul><li>In the Asset Status field, select Active. You cannot run depreciation processing for the prepaid item until it has an active status.</li><li>In the Calculation field, select Prepaid.<br>The Method field prefills with Straight-line, which you cannot change. The straight-line calculation is:<br>Monthly Amortization Amount = (Prepaid Item Cost – Salvage Value) / Useful Life in Years<table><tr><th>Value</th><th>Source</th></tr><tr><td>Prepaid Item Cost</td><td>Depreciation Basis field on the GL Cost tab</td></tr><tr><td>Salvage Value</td><td>Less Salvage Value field on the GL Cost tab</td></tr><tr><td>Useful Life in Years</td><td>Useful Life in Years field on the GL Book tab</td></tr></table></li><li>In the Useful Life in Years field, enter the useful life in years.</li><li>In the GL Accounts section, general ledger accounts prefill in the Prepaid and Prepaid Expense fields, based on the asset type that you entered in the Asset Type field on the GL Book tab. You can change the accounts as needed. These are the accounts that will be used for the journal entries that are created when you process depreciation for your general ledger (GL Book). These do not apply for additional books entered on the Additional Books tab.</li></ul></td></tr>
<tr><td>Additional Books tab in the Equipment Hub</td><td>If you set up any additional books to calculate depreciation or amortization differently from your general ledger book, entries from the GL Book tab prefill on the Additional Books tab for additional books. You can change some of the prefilled information as needed, and enter additional amounts to affect the amortization basis.</td></tr>
</table>

### Processing Amortization

Process monthly amortization for your GL book and any additional books in **Asset Management** » **Depreciation Processing**.

### Amortization Example for Prepaid Items

You can enter asset items in DPS for prepaid items, such as general liability insurance, that will be amortized when you run Depreciation Processing in the Asset Management application.

The following is an example of a prepaid asset item tracked using the Equipment hub and depreciated in Depreciation Processing.

Company A purchases a 12-month general liability insurance policy for $3,600.

The following table describes the entries that you make in DPS:

| Step | Location | What You Must Complete |
|---|---|---|
| 1. | Item Categories tab **Settings** » **Purchasing & Inventory** » **Company** | One-time setup: On the Item Categories tab, set up a purchasing item category to use only for prepaid items. This category lets you exclude prepaid items from asset item reports.<br>You must enter a category type of **Capital Items** for the item category. |
| 2. | **Transaction Center** » **Transaction Entry (AP Vouchers)** | Enter and post an accounts payable voucher for $3,600 for the insurance policy that automatically creates the prepaid asset item for the insurance policy in the Equipment hub.<br>▪ Select the **Allow Asset Entries** check box on the New File dialog box when you create a transaction file for the AP voucher.<br>▪ In the grid on the AP Vouchers form, the following entries specifically apply for creating the asset item:<br>  ▪ Select the **Create Asset** check box.<br>  ▪ In the **Asset Type** field, select an asset type.<br>  ▪ In the **Item Number** field, select the purchasing item that you set up in step 1 whose category type is **Capital Items**. |
| 3. | **Hubs** » **Equipment** | In the Equipment hub, enter and review depreciation information for the prepaid insurance asset item. |
| 3a. | **GL Cost tab in the Equipment Hub** | The $3,600 cost of the prepaid insurance policy that you entered for the AP voucher prefills in a row in the Acquisition Cost grid on the GL Cost tab.<br>Leave **100.00** in the **Business Use Percentage** field.<br>Leave the **Less Salvage Value** field blank. |

<table>
<tr><th>Step</th><th>Location</th><th>What You Must Complete</th></tr>
<tr><td>3 b.</td><td>GL Book tab in the Equipment Hub</td><td>Complete the information on the GL Book tab, including the following:<ul><li>In the Asset Status field, select Active. You cannot run depreciation processing for the prepaid item until it has an active status.</li><li>In the Calculation field, select Prepaid.<br>The Method field prefills with Straight-line, which you cannot change. The straight-line calculation is:<br>Monthly Amortization Amount = (Prepaid Item Cost – Salvage Value) / Useful Life in Years<table><tr><th>Value</th><th>Source</th></tr><tr><td>Prepaid Item Cost</td><td>Depreciation Basis field on the GL Cost tab</td></tr><tr><td>Salvage Value</td><td>Less Salvage Value field on the GL Cost tab</td></tr><tr><td>Useful Life in Years</td><td>Useful Life in Years field on the GL Book tab</td></tr></table></li><li>In the Useful Life in Years field, enter 1 if it has not prefilled with 1.</li><li>In the GL Accounts section, general ledger accounts prefill in the Prepaid and Prepaid Expense fields, based on the asset type that you entered in the Asset Type field on the GL Book tab. You can change the accounts as needed. These are the accounts that will be used for the journal entries that are created when you process depreciation for your general ledger (GL Book). These do not apply for additional books entered on the Additional Books tab.</li></ul></td></tr>
<tr><td>3 c.</td><td>Additional Books tab in the Equipment Hub</td><td>If you set up any additional books to calculate depreciation or amortization differently from your general ledger book, entries from the GL Book tab prefill on the Additional Books tab for additional books. Change the prefilled information as needed, and enter additional amounts to affect the amortization basis.</td></tr>
<tr><td>4.</td><td>Asset Management » Depreciation Processing</td><td>Run Depreciation Processing for your GL Book and additional books if you have them.<br>GL Book</td></tr>
</table>

<table>
<tr><th>Step</th><th>Location</th><th>What You Must Complete</th></tr>
<tr><td></td><td></td><td>When you run Depreciation Processing for your general ledger book, the follow journal entries are created for your general ledger:
<table>
<tr><th>Account</th><th>Debit</th><th>Credit</th></tr>
<tr><td>Prepaid Expense</td><td>$300</td><td></td></tr>
<tr><td>Prepaid</td><td></td><td>$300</td></tr>
</table>
Additional Books<br>If you have additional books and run depreciation for them, you can see the amortization that is calculated for the prepaid general liability insurance asset items on a transaction posting log (although no journal entries are created for additional books), in Asset Review in the Asset Management application, and on the Asset Detail report, an Equipment report in the Reporting application.</td></tr>
</table>

### Changing How Depreciation Is Calculated After You Have Processed Depreciation

After you run Depreciation Processing for an asset item, you may need to change or correct how depreciation has been calculated for it.

For example, you may have processed depreciation for an asset item for several months and now you need to add more or less cost to the depreciation basis, or change the asset item's useful life in years.

You can make changes to the information on the GL Cost, GL Book, and Additional Books tabs in the Equipment hub that affects the depreciation calculation for an asset item. Then you can run or rerun depreciation processing in the current period, which calculates depreciation using the new information. DPS makes an adjusting calculation which, when added to the original calculation, nets to the correct depreciation amount and makes the accumulated depreciation amount correct for the current period.

If the changes that you made apply to prior periods in which depreciation was already processed, DPS makes the depreciation adjustments for the prior periods and the current period all in the current period. Going forward in the next period, DPS uses the updated depreciation calculation.

When you add or remove cost to the depreciation basis for an asset item (in the Acquisition Cost grid on the GL Cost tab in the Equipment hub), the period that you enter in the grid for the cost controls the periods for which DPS makes adjusting calculations for the depreciation.

If you change the useful life in years for an asset item on the GL Book tab in the Equipment hub and then rerun depreciation processing in the current period, DPS recalculates depreciation for each prior period in which depreciation was calculated. An adjustment is made for depreciation for the prior periods in the current period so that the accumulated depreciation amount is correct in the current period.

### Example

1. In January, you entered the following information for an asset item in the Equipment hub:
   - Depreciation basis = $1,200.
   - Useful life in years = 1.
   - In service date = January 1.

   The monthly depreciation that DPS calculates when you run depreciation processing for the asset item is $100 each month for 12 months starting in January.
2. You process depreciation for the asset item in January, February, and March. The depreciation posted for each month is $100. Total accumulated depreciation in March is $300.
3. After you run depreciation processing in March (the current period), you enter an additional cost of $1,200 for the asset item on the Acquisition Cost grid on the GL Cost tab in the Equipment hub.

   The cost should have been included in the depreciation calculation starting in January, so you enter **January** in the **Period** field in the grid for the additional cost.

   Now the depreciation basis is $2,400, and the monthly depreciation should be $200 each month for 12 months, starting with January.
4. You rerun depreciation processing in March (the current period).

   DPS calculates the following depreciation amounts:
   - $100 for March, which when added to the $100 already calculated in March, makes a total of $200 for March's depreciation.
   - $100 for February, which when added to the $100 already calculated in February, makes a total of $200 for February's depreciation.
   - $100 for January, which when added to the $100 already calculated in January, makes a total of $200 for January's depreciation.
5. You run depreciation processing for the asset item in April and for the remaining months of the year. The depreciation amount that is calculated in each month is $200.

An alternative to having DPS make the correcting depreciation entry in March would be to first rerun depreciation processing in January and February and then in March. In each period, the adjusting amount of $100 would be posted for depreciation.

If you had added the additional acquisition cost in March before running depreciation processing in March, DPS would have made the following depreciation calculations during depreciation processing in March: $200 for March, $100 for February, and $100 for January.

### Processing Depreciation in a Prior Period

You can rerun depreciation processing in a prior period, if necessary.

For example, you may want to rerun depreciation processing in a prior period if you have made changes to the depreciation calculation, such as increasing or decreasing the depreciation basis, or changing the useful life in years.

Although you can rerun depreciation in a prior period, you can also rerun or run depreciation in a the current period. If you do so, DPS makes adjustments for the prior period's depreciation in the

current period, so that accumulated depreciation is now correct in the current period and going forward.

### Undoing the Posting of a Depreciation Processing Run

If needed, you can undo the posting of a depreciation processing run for your GL book or any additional books.

Undo postings in **Utilities** » **Advanced Utilities** » **Undo Posting**.

Although you can undo a depreciation processing run, it is not necessary to undo depreciation when you need to make a correction to depreciation that you have already run and posted. Instead, after you change the depreciation calculation in the Equipment hub for an asset item, you can rerun depreciation in the current period. DPS makes the correcting adjustments for prior periods and the current period in the current period, so that accumulated depreciation is now correct in the current period and going forward.

Although undoing the posting of a depreciation processing run is usually unnecessary because you can rerun depreciation processing instead, you can still use Undo Posting in special situations.

If you undo a depreciation processing run, you must do so in the accounting period in which depreciation was run.

When you undo a depreciation posting:

- The journal entry for your GL book is removed.
- The depreciation calculations are removed for additional books.
- Entries related to the depreciation are removed from the Summary and History tabs in **Asset Management** » **Asset Review** for an asset item.

## Transfer/Split Processing

Use Transfer/Split Processing in the Asset Management application to transfer an existing asset item from one project to another or split an asset item and distribute its amounts to other existing asset items.

If you track multiple companies in DPS, you can process a transfer or split for an asset item only if you are transferring or splitting from and to a project in the same company.

### Transferring Asset Items

When you transfer an asset item using Transfer/Split Processing, you are changing the project that is assigned to it on the General tab in the Equipment hub.

You are "transferring" an asset item from one project to another. You must use transfer processing to change a project for asset items that were created from accounts payable vouchers, purchase orders, change orders, and release orders, and for asset items that were created directly in the Equipment hub that have already had depreciation processed for them. If an asset item created directly in the Equipment hub has not had depreciation processed for it, you can change its project directly on the General tab in the Equipment hub.

If you have additional books set up for depreciation in addition to your GL book, both types of books are processed when you transfer an asset item. Transactions are posted to your general ledger for your GL book, but **no general ledger entries are made for additional books for transfers**.

The following apply when you transfer an asset item:

- You can transfer only asset items with an active status. You see the status for an asset item in the **Asset Status** field on the GL Book tab in the Equipment hub.
- You must transfer an asset item to another project that is already set up in DPS.
- If you track multiple companies in DPS, you can transfer an asset item only from and to a project in the same company.

### What Happens When You Transfer an Asset Item

The project for the asset item is updated in the Equipment hub and journal entries are created when you transfer an asset item.

When you transfer an asset item, the following occur:

- The project that was originally entered for an asset item in the **Project** field on the General tab in the Equipment hub is replaced with the new project that you transferred the asset item to.
- A journal entry posting log is automatically created for the transfer. You can view and/or print in **Transaction Center** » **Posting Logs**.

  Possible general ledger accounts for your GL book that are affected by the transfer are the asset account and accumulated depreciation account associated with an asset item.

  - If you do not use organizations, the only thing that changes is the project number for the asset item.
  - If you use organizations and maintain separate balance sheets by organization: when you transfer an asset item from a project from one organization to a project from a **different** organization, the asset amount and any accumulated depreciation for the asset item are transferred from the balance sheet accounts from the former project's organization to the current project's organization.

    The organization at the lowest level of the work breakdown structure (for example the task) is used to determine the project's organization.
  - If you use organizations and do not maintain separate balance sheets by organization: when you transfer an asset item from and to projects in the **same** organization, on the journal entry posting log, you will see the debits and credits for the transfer posted to your general ledger accounts, but the result is no change to the balance in these accounts. The only thing that changes is the project number for the asset item.
  - Although transfers do not create transactions for your general ledger for additional books that you set up for depreciation, you will see the transfers for additional books listed in the journal entry posting log.

### Journal Entry Posting Logs for Asset Item Transfers

When you run transfer processing in Transfer/Split Processing in the Asset Management application, a journal entry posting log is automatically created for the transfer.

You can view and/or print the posting log in **Transaction Center** » **Posting Logs**. You can find the posting log for a specific transfer on the Posting Logs form by looking for the posting sequence

number in the **Seq** column in the posting log list that was identified on the last dialog box that displayed when you processed the transfer. In the **Comments** column in the posting log list, you see the words "Transfer GL Book Processing" or "Transfer Additional Book Processing" and the transaction date that you entered for the transfer on the Transfer/Split Processing form.

Possible general ledger accounts for your GL book that are affected by the transfer are the asset account and accumulated depreciation account associated with an asset item. The asset account and amount for an asset item are displayed in the Acquisition Cost grid on the GL Cost tab in the Equipment hub. Any accumulated depreciation is displayed on the History tab in **Asset Management** » **Asset Review**.

If you have additional books set up for depreciation in addition to your GL book, both types of books are processed when you transfer an asset item. Transactions are posted to general ledger accounts for your GL book, but **no general ledger entries are made for additional books for transfers**.

### Sections of the Journal Entry Posting Logs

Journal entry posting logs have the following sections:

- A section that shows you the cost amounts and any accumulated depreciation amounts transferred for your GL book and/or any additional books.
- A General Ledger Posting Summary section that shows you the asset accounts that were debited and credited for the cost amounts and any accumulated depreciation amounts debited and credited.

### One or Two Journal Entry Posting Logs

One journal entry posting log is created when you transfer an asset item unless the following scenario applies, in which case two journal entry posting logs are created: you have additional books set up for an asset item on the Additional Books tab in the Equipment hub, and the asset item already has accumulated depreciation for your GL book and the additional books.

When one journal entry posting log is created for a transfer, you see **Transfer GL Book Processing** in the **Comments** column in the posting log list in **Transaction Center** » **Posting Logs**. The posting log includes information for your GL book and any additional books if you have them.

When two journal entry posting logs are created for a transfer, one is for your GL book and the other for your additional books. In the **Comments** column in the posting log list in **Transaction Center** » **Posting Logs** you see the following for each log: **Transfer GL Book Processing** and **Transfer Additional Book Processing**.

### If You Do Not Use Organizations

If you do not use organizations, on the journal entry posting log, you will see the debits and credits for the transfer posted to your general ledger accounts for your GL book, but the end result is no change to the balance in these accounts.

### If You Use Organizations

If you use organizations and do **not** maintain separate balance sheets, you will see the debits and credits for the transfer posted to your general ledger accounts for your GL book, but the end result is no change to the balance in these accounts.

If you use organizations and maintain separate balance sheets: when you transfer an asset item from and to a project within the **same** organization, you will see the debits and credits for the transfer posted to your general ledger accounts, but the end result is no change to the balance in these accounts.

The organization at the lowest level of the work breakdown structure (for example the task) is used to determine the project's organization.

If you use organizations and maintain separate balance sheets: when you transfer an asset item from and to a project in **different** organizations, you will see the debits and credits for the transfer posted to your general ledger accounts on the journal ledger posting log as follows:

| Asset Account | Debit | Credit |
|---|---|---|
| Asset account for the organization of the project that the asset item was transferred to | X | |
| Asset account for the organization of the project that the asset item was transferred from | | X |

If the asset item being transferred has an accumulated depreciation amount (depreciation has been processed for it), the following accumulated depreciation accounts are debited and credited:

| Accumulated Depreciation Account | Debit | Credit |
|---|---|---|
| Accumulated depreciation account for the organization of the project that the asset item was transferred from | X | |
| Accumulated depreciation account for the organization of the project that the asset item was transferred to | | X |

### Example of Transferring an Asset Item

In this example, asset item A is transferred from project P1 to Project P2.

#### Scenario

| Description | Additional Notes |
|---|---|
| You use organizations and you maintain separate balance sheets for each organization. | You set up organizations and their balance sheet options in **Settings** » **Organization**. |
| You want to change the project that is entered for asset item A from project P1 to project P2. | Project P1 displays in the **Project** field on the General tab in the Equipments hub for asset item A. |
| Project P1 belongs to organization O-1.<br>Project P2 belongs to organization O-2. | A project's organization is determined by looking for the organization at the lowest level of the work breakdown structure for a project (for example the task).<br>The organization for a task is entered in the **Organization** field on the General tab in the Projects hub. |

| Description | Additional Notes |
|---|---|
| You do not have multiple companies or, if you have multiple companies, project P1 and project P2 belong to the same company. | |
| Asset item A's acquisition cost is $5,000. | The $5,000 acquisition cost displays in a row in the Acquisition Cost grid on the GL Cost tab in the Equipment hub. |
| Asset item A has been depreciated, and its accumulated depreciation is $400. | Depreciation has been processed for asset item A in **Asset Management** » **Depreciation Processing**. The accumulated depreciation for the asset item is listed in the History grid on the History tab in **Asset Management** » **Asset Review**. |

### Transfer the Asset Item

In **Asset Management** » **Transfer/Split Processing**, you enter the following on the Transfer/Split Processing form and then click **Run** on the toolbar:

- In the **Asset** field, select **asset item A**.
- In the **Action** field, select **Transfer**.
- Enter a transaction date in the **Transaction Date** field.
- In the Transfer To grid, add a row and select **project P2** in the **New Project** field.

### After the Asset Item is Transferred

After you run transfer processing for asset item A, the following occur:

- Project P2 now displays in the **Project** field on the General tab in the Equipment hub.
- The following journal entry was created automatically for the transfer:

| Balance Sheet Account | Debit | Credit |
|---|---|---|
| Asset Account for Organization O-1 (for the former project P1) | | $5,000 |
| Asset Account for Organization O-2 (for the current project P2) | $5,000 | |
| Accumulated Depreciation Account for Organization O-1 (for the former project P1) | $400 | |
| Accumulated Depreciation Account for Organization O-2 (for the current project P2) | | $400 |

- You can view and/or print the journal entry posting log in **Transaction Center** » **Posting Logs**.

### Undoing an Asset Item Transfer

Use **Asset Management** » **Transfer/Split Processing** to reverse (undo) the transfer of an asset item.

To make a reversing transfer, you repeat the same process in Transfer/Split Processing that you originally used to transfer an asset item.

You **cannot** undo the posting for an asset item transfer in **Utilities** » **Advanced Utilities** » **Undo Posting**.

## Splitting Asset Items

When you split an asset item using Transfer/Split Processing, you move its acquisition cost, salvage value, and any accumulated depreciation to one or more other existing asset items.

For example, if one asset item was automatically created from an accounts payable voucher for three laptop computers, you can split the asset item into three separate asset items to track each laptop separately and assign an employee to each laptop.

You can move all or only a portion of the cost from an asset item to other existing asset items. When you split and move all of an asset item's cost and accumulated depreciation to another asset item, DPS automatically changes the asset status of the asset item that no longer has any cost amounts to **Disposed**.

The asset item that you are splitting is referred to as the "source asset item." The asset items that you are splitting the source asset item into are referred to as the "receiving asset items."

The following apply when you split an asset item:

- The asset items involved in a split must have an active status. You see the status for an asset item in the **Asset Status** field on the GL Book tab in the Equipment hub.
- You must split an asset item into other asset items that are already set up in DPS. In the Equipment hub, you can click **New** » **Copy Current Equipment** to create the receiving asset items for the split.
- To split an asset item that has had depreciation processed for it, you must run split processing in the most current period in which depreciation has been run for the asset item or in a period after depreciation has been run.
- You can split an asset that has no depreciation processed for it in any period.
- If you track multiple companies in DPS, the asset items involved in the split must be from the same company.

### What Happens When You Split an Asset Item

Journal entries are created and information is updated automatically when you split an asset item.

When you split an asset item, the following things occur:

- A journal entry posting log is created automatically in **Transaction Center** » **Posting Logs**.

  Possible general ledger accounts for your GL book that are affected by the split are the asset account and accumulated depreciation account for the source asset item.

Although splits do not create transactions for your general ledger for additional books that you set up for depreciation, you will see the splits for additional books listed in the journal entry posting log.

- If you do **not** use organizations: on the journal entry posting log, you will see the debits and credits for the split posted to your general ledger accounts. However, the end result is no change to the balance in these accounts.
- If you use organizations and maintain separate balance sheets by organization: when you split an asset item into a receiving asset item from a **different** organization, the asset amount and any accumulated depreciation for the source asset item are moved from the balance sheet accounts of the source asset item's organization to the receiving asset item's organization.

  An asset item's organization is determined by looking at the organization at the lowest level of the work breakdown structure for the project associated with the asset item (for example, the task).
- If you use organizations and maintain separate balance sheets by organization: when you split an asset item from and to projects in the **same** organization, on the journal entry posting log, you will see the debits and credits for the split posted to your general ledger accounts, but the result is no change to the balance in these accounts.

- Information for the split is updated on the GL Cost tab in the Equipment hub for each asset item involved in the split:

| Asset Item | What is Updated on the GL Cost tab in the Equipment hub |
|---|---|
| **Source Asset Item** | ▪ A cost row is added to the Acquisition Cost grid to show the cost amount removed from the asset item. The row has **Insert** in the **Type** field, a negative amount in the **Amount** field, and the **Description** field displays **Split to**, the equipment number for the receiving asset item, and the journal entry posting sequence number for the split.<br>▪ If the source asset item had a salvage value entered in the **Less Salvage Value** field below the grid, it is reduced by the amount that was moved to the receiving asset items. |
| **Receiving Asset Items** | ▪ A cost row is added to the Acquisition Cost grid to show the cost amount that was added to the receiving asset item from the source asset item. The row has **Insert** in the **Type** field, a positive amount in the **Amount** field, the account from the source asset item in the **Account** field, and the **Description** field displays **Split from**, the equipment number for the source asset item, and the journal entry posting sequence number for the split.<br>▪ If the source asset item had a salvage value entered for it on the GL Cost tab, the salvage value is split in |

| Asset Item | What is Updated on the GL Cost tab in the Equipment hub |
| --- | --- |
| | among the receiving asset items, based on the portion of the asset item cost that was allocated to each receiving asset item. This amount displays in the **Less Salvage Value** field on the GL Cost tab for the receiving asset item.<br><br>**Example**: A source asset item with an acquisition cost value of $4,000 was split into two receiving asset items, one receiving $3,000 of the cost and the other $1,000. The source asset item's salvage value was $600. After the split, the salvage value of the source asset is $0. The asset item that received $3,000 of the cost received $450 of salvage value. The asset item that received $1,000 of the cost received $150 of salvage value. |

- If the source asset item had an accumulated depreciation amount when it was split, the accumulated depreciation amount is split among the receiving asset items, based on the portion of the asset item cost that was allocated to each receiving asset item. You view the amounts that were moved from the source asset item to the receiving asset items on the History tab in **Asset Management** » **Asset Review**.

### Journal Entry Posting Logs for Asset Item Splits

When you run split processing in the Asset Management application, a journal entry posting log is automatically created for the split.

You can view and/or print the posting log in **Transaction Center** » **Posting Logs**. You can find the posting log for a specific split on the Posting Logs form by looking for the posting sequence number in the **Seq** column in the posting log list that was identified on the last dialog box that displayed when you processed the split. In the **Comments** column in the posting log list, you see the words "Split GL Book Processing" or "Split Additional Book Processing" and the transaction date that you entered for the split on the Transfer/Split Processing form.

Possible general ledger accounts for your GL book that are affected by the split are the asset account and accumulated depreciation account associated with an asset item. The asset account and amount for an asset item are displayed in the Acquisition Cost grid on the GL Cost tab in the Equipments hub. Any accumulated depreciation is displayed on the History tab in Asset Review in the Asset Management application.

If you have additional books set up for depreciation in addition to your GL book, both types of books are processed when you split an asset item. Transactions are posted to general ledger accounts for your GL book, but **no general ledger entries are made for additional books for splits**.

#### One or Two Journal Entry Posting Logs

One journal entry posting log is created when you split an asset item unless the following scenario applies, in which case two journal entry posting logs are created: you have additional books set up for an asset item on the Additional Books tab in the Equipment hub, and the asset item already has accumulated depreciation for your GL book and the additional books.

When one journal entry posting log is created for a split, you see **Split GL Book Processing** in the **Comments** column in the posting log list in **Transaction Center** » **Posting Logs**. The posting log includes information for your GL book and any additional books if you have them.

When two journal entry posting logs are created for a split, one is for your GL book and the other for your additional books. In the **Comments** column in the posting log list in **Transaction Center** » **Posting Logs**, you see the following for each log: **Split GL Book Processing** and **Split Additional Book Processing**.

### Sections of the Journal Entry Posting Logs

Journal entry posting logs have the following sections:

- A section that shows you the acquisition cost amounts that were moved from the source asset item to the receiving asset items for your GL book and any additional books you have.
- A General Ledger Posting Summary section that shows you the asset accounts that were debited and credited for the cost amounts and any accumulated depreciation amounts debited and credited.

### If You Do Not Use Organizations

If you do not use organizations, on the journal entry posting log you will see the debits and credits for the split posted to your general ledger accounts for your GL book, but the end result is no change to the balance in these accounts.

### If You Use Organizations

If you use organizations and do **not** maintain separate balance sheets, you will see the debits and credits for the split posted to your general ledger accounts for your GL book, but the end result is no change to the balance in these accounts.

If you use organizations and maintain separate balance sheets: when you split an asset item and the source and receiving asset items are in the **same** organization, you will see the debits and credits for the split posted to your general ledger accounts, but the end result is no change to the balance in these accounts.

The organization at the lowest level of the work breakdown structure (for example, the task) is used to determine the project's organization.

If you use organizations and maintain separate balance sheets: when you split an asset item and the source and receiving asset items are from **different** organizations, you will see the debits and credits for the split posted to your general ledger accounts on the journal ledger posting log as follows:

| Asset Account | Debit | Credit |
|---|---|---|
| Asset account for the organization of the receiving asset items | X | |
| Asset account for the organization of the source asset item | | X |

If the asset item being split has an accumulated depreciation amount (depreciation has been processed for it), the following accumulated depreciation accounts are debited and credited:

| Accumulated Depreciation Account | Debit | Credit |
|---|---|---|
| Accumulated depreciation account for the organization of the source asset item | X | |
| Accumulated depreciation account for the organization of the receiving asset items | | X |

### Example of Splitting an Asset Item

In this example, asset item A is split into asset item B and asset item C.

#### Scenario

Asset item A was automatically created in the Equipment hub when someone entered an accounts payable voucher. Now you want to split the asset item A into two other asset items, asset item B and asset item C, and track them separately.

| Description | Additional Notes |
|---|---|
| You do **not** track multiple companies in DPS, or if you have multiple companies, all the asset items involved in the split belong to the same company. | If you do track multiple companies, asset items can only be split into other asset items within the same company. |
| You use organizations and you maintain separate balance sheets for each organization. | Organizations and their balance sheets options are set up in **Settings** » **Organization**. |
| Asset item A:<br>▪ Belongs to organization O-1.<br>▪ Has a $4,000 acquisition cost, and its asset account number is 156.00.<br>▪ Has had depreciation processed for it in accounting period 2. The total accumulated depreciation is $300. The accumulated depreciation account is 158.00.<br>▪ Has a salvage value of $500. | An asset item's organization is determined by looking at the organization at the lowest level of the work breakdown structure for the project that is associated with the asset item. (for example the task). The organization for a task is entered in the **Organization** field on the General tab of the Projects hub.<br>The $4,000 acquisition cost and asset account 156.00 displays in a row in the Acquisition Cost grid on the GL Cost tab in the Equipment hub.<br>Depreciation has been processed for asset item A in **Asset Management** » **Depreciation Processing**. The $300 of accumulated depreciation for the asset item is listed in the History grid on the History tab in **Asset Management** » **Asset Review** |
| You have one additional book set up for asset item A. | The additional book is set up on the Additional Books tab in the Equipment hub. It has $200 in additional costs. |

#### Steps

To split asset item A into asset items B and C in accounting period 2:

| Step | Description | |
|---|---|---|
| 1. | In the Equipment hub, you create asset item B and asset item C.<br>▪ You click **New** » **Copy Current Equipment** to create the receiving asset items for the split.<br>▪ You associate asset item B with a project that belongs to organization O-1.<br>▪ You associate asset item C with a project that belongs to organization O-2. | |
| 2. | In **Asset Management** » **Transfer/Split Processing**, you enter the following on the Transfer/Split Processing form, and then click **Run** on the toolbar to process the split:<br>▪ In the **Asset** field, select **asset item A**.<br>▪ In the **Action** field, select **Split**.<br>▪ Enter a transaction date in the **Transaction Date** field.<br>▪ In the Split To grid, add a row and select asset item **B** in the **Equipment** field.<br>On the Account lookup in the **Account** field, select the asset account 156.00 that is listed for asset item A.<br>In the **Acquisition Cost Amount** field, enter $3,000.<br>▪ In the Split To grid, add a row and select asset item **C** in the **Equipment** field.<br>On the Account lookup in the **Account** field, select the asset account 156.00 that is listed for asset item A.<br>In the **Acquisition Cost Amount** field, enter $1,000. | |

### Results

#### Journal Entry Posting Logs

You can view and print the journal entry posting logs that were created for the split in **Transaction Center** » **Posting Logs**.

Two journal entry posting logs are created, one for your GL Book and one for your additional books, because you have additional books for the asset item and the asset item had accumulated depreciation. The posting log for your GL book shows the amounts that were moved and also the entries that were posted to your general ledger for your GL Book. The posting log for your additional books shows the amounts that were moved, but there are no postings to any general ledger accounts.

**Journal entries for asset item A and C for your GL Book (the asset items are from different organizations):**

| Balance Sheet Account | Debit | Credit |
|---|---|---|
| Asset Account 156.00 for Organization O-2 (for the receiving asset item C) | $1,000 | |
| Asset Account 156.00 for Organization O-1 (for the source asset item A) | | $1,000 |
| Accumulated Depreciation Account 158.00 for Organization O-1 (for the source asset item A) | $75 | |
| Accumulated Depreciation Account 158.00 for Organization O-2 (for the receiving asset item C) | | $75 |

These entries were created because asset item A and C were from different organizations. Asset item C received 25% of asset item A's cost ($4,000 x .25 = $1,000), so asset item C received 25% of asset item A's accumulated depreciation ($300 x .25 = $75).

**Journal entries for asset item A and B for your GL Book (the asset items are from the same organization):**

| Balance Sheet Account | Debit | Credit |
|---|---|---|
| Asset Account 156.00 for Organization O-1 (for the receiving asset item B and the source asset item A) | $1,000 | $1,000 |
| Accumulated Depreciation Account 158.00 for Organization O-1 (for the source asset item A and the receiving asset item B) | $75 | $75 |

Although journal entries were made, there was no change in the account balances because the two asset items were from the same organization.

### Acquisition Costs

In the Acquisition Cost grid on the GL Cost tab in the Equipment hub, you see new rows added for the removal from the source asset item and the additions to the receiving asset items. The rows have **Insert** in the **Type** field, negative amounts for removed costs, positive amounts for added costs, and the **Description** field displays either **Split to** or **Split from**, the equipment number for the source or receiving asset item, and the journal entry posting sequence number for the split.

### Salvage Value

The salvage value of $500 from source asset item A was moved to the receiving asset items, based on the percentage of the asset item cost that was allocated to each receiving asset item:

- For asset item B: The percentage of costs it received from asset A was 75% ($3,000/$4,000).
- For asset item B: The percentage of costs it received from asset A was 25% ($1,000/$4,000).

The receiving asset items received the following salvage value amounts from asset item A:

- Asset item B received $375 of salvage value (75% of asset A's salvage value of $500).
- Asset item C received $125 of salvage value (25% of asset A's salvage value of $500).

You see the salvage values updated for each asset item in the **Less Salvage Value** field on the GL Cost tab in the Equipment hub.

### Accumulated Depreciation

The accumulated depreciation amount for the source and receiving asset items has been updated. You see the updated amounts on the History tab in **Asset Management** » **Asset Review**.

**Disposal**

Because the split left asset item A with no remaining costs, asset item A's status in the **Asset Status** field on the GL Book tab in the Equipment hub changes automatically from **Active** to **Disposed**.

### Undoing an Asset Item Split

You **cannot** use **Utilities** » **Advanced Utilities** » **Undo Posting** to undo (reverse) the posting for an asset item split.

However, you can complete the following to achieve the same results to recreate the source asset item and remove the one or more receiving asset items that the source asset item was split into:

| Asset Item | Reversing Action to Take |
|---|---|
| **Source Asset Item** | If the source asset was split completely (no amounts remained for it and it was automatically disposed):<br>▪ In the Equipment hub, manually recreate the source asset item, and:<br>  ▪ Add cost rows in the Acquisition Cost grid on the GL Cost tab to add back costs that were removed in the split.<br>  ▪ Correct the salvage amount in the **Less Salvage Value** field on the GL Cost tab.<br>▪ In **Utilities** » **History Loading** » **Asset Management**, make an adjustment to add back the accumulated depreciation amount that was moved out.<br>If the source asset item did not have all of its costs split into the receiving asset items (it was not disposed and it remained active with some amount of cost to be depreciated), complete the above bulleted items for the source asset item that remains active in the Equipment hub. |
| **Receiving Asset Item** | For each receiving asset item that has costs from the source asset item that you need to reverse, complete either of the following:<br>▪ If the receiving asset item should no longer exist and not have depreciation processed for it, change the status of the asset item to **Inactive** in the **Asset Status** field on the GL Book tab in the Equipment hub.<br>▪ If the receiving asset item should still exist and have depreciation processed for it, but without the amounts that were moved to it from the source asset item, complete the following: |

| Asset Item | Reversing Action to Take |
| --- | --- |
| | ▪ In the Acquisition Cost grid on the GL Cost tab in the Equipment hub, clear the **Include** check box for the cost that does not belong.<br>▪ On the GL Cost tab in the Equipment hub, correct the salvage amount in the **Less Salvage Value** field.<br>▪ In **Utilities** » **History Loading** » **Asset Management**, make an adjustment to correct the accumulated depreciation amount for the asset item. |

## Disposal Processing

Use Disposal Processing in the Asset Management application to remove an asset item from your general ledger books when you sell or scrap it.

### Processing Disposals

You must dispose of an asset item in the most current period in which depreciation has been run for it.

You can dispose of an asset item even if no depreciation has been processed for it. In this scenario, you must dispose of the asset item in the current period if the asset item was created from an accounts payable voucher or purchase order.

If you use multiple companies, when you run disposal processing, you can only dispose of asset items for the active company.

### General Ledger Entries

When you run disposal processing for an asset item, DPS automatically makes the following postings to your general ledger:

- If you sold the asset item, a cash receipt is recorded.
- The asset item's general ledger balances for accumulated depreciation and the asset account are reversed.
- If the asset item is not fully depreciated when it is disposed, any gain or loss is recorded.

The postings occur in the accounting period that is open when you run disposal processing.

The disposal of an asset item that is sold produces a cash receipt transaction type. Asset items that are scrapped (because they have no market value) produce a journal entry transaction type. No transaction file or list is created for disposal processing.

### Gain/(Loss) Account

Enter a general ledger account for posting gains or losses that result from scrapping or selling asset items in the Fixed Asset Disposal Gain/(Loss) Setup section of the General tab in **Settings** » **Accounting** » **Asset Management**. The account is used when you process a disposal.

### Posting Logs

View or print the journal entry posting logs for the automatic posting of asset item disposals in **Transaction Center** » **Posting Logs**.

### Asset Review

When you run disposal processing for an asset item, the item's disposal information is updated on the Summary and History tabs in **Asset Management** » **Asset Review**.

### Undoing the Disposal of an Asset Item

Use the Undo Posting utility in **Utilities** » **Advanced Utilities** to undo the disposal postings.

### Disposal Example

For a disposal example, see KB article 83455 on the Deltek Customer Care Connect site.

### Journal Entries for Asset Items That Are Scrapped

When you dispose of an asset item by scrapping it, a journal entry is automatically posted when you process the disposal in **Asset Management** » **Disposal Processing**.

General ledger entries are not made for additional books, if any are set up.

The journal entry records:

- The reversal of the asset item's accumulated depreciation and depreciation basis.
- Any gain or loss, if the asset item is not fully depreciated when it is disposed.

The following accounts are debited and credited:

| Account | Debited | Credited |
|---|---|---|
| Accumulated Depreciation | X | |
| Asset | | X |
| (Loss) | X | |
| Gain | | X |

### Example

Asset item A has a useful life of 24 months and is depreciated using the straight-line method.

You processed depreciation for the asset item for 12 months.

You dispose of the asset item in the 13th month as scrap.

The following table shows the entries for the asset item in the Equipment hub for the general ledger book and an additional book, if you have one set up.

| | General Ledger Book | Additional Book |
|---|---|---|
| **Acquisition Cost**<br>From the GL Cost and Additional Book tabs in the Equipment hub | $10,500 | $10,500 |

| | General Ledger Book | Additional Book |
|---|---|---|
| **Business Use Percent**<br>From the GL Cost and Additional Books tabs in the Equipment hub | 100% | 100% |
| **Net Cost** | $10,500.00 | $10,500.00 |
| **Additional Cost**<br>From the Additional Books tab in the Equipment hub | Does not apply | $1.00 |
| **Salvage Value**<br>From the GL Cost and Additional Books tabs in the Equipment hub | $500.00 | $500.00 |
| **Additional First Year Depreciation**<br>From the Additional Books tab in the Equipment hub | Does not apply | $100.00 |
| **Section 179**<br>From the Additional Books tab in the Equipment hub | Does not apply | $100.00 |
| **Depreciation Basis**<br>From the GL Cost and Additional Book tabs in the Equipment hub | $10,000.00 | $9,801.00 |

The following table is a summary that shows 12 months of depreciation for asset A and the loss asset when you scrapped asset A.

| | General Ledger Book | Additional Book |
|---|---|---|
| **Accumulated Depreciation for 12 Months**<br>For GL Book, this was posted to your general ledger when you processed depreciation. | $5,000 | $4,900.50 |
| Disposal (amount not depreciated when the asset item is disposed) | $5,500.00 | $5,400.50 |
| Gain or (Loss) | ($5,500.00) | ($5,400.50) |

The following table shows the accounts for your GL Book that are debited and credited when you run disposal processing for asset item A and a journal entry is automatically posted.

| Account | Amount Debited | Amount Credited |
|---|---|---|
| Accumulated Depreciation | $5,000.00 | |

| Account | Amount Debited | Amount Credited |
|---|---|---|
| Asset | | $10,500.00 |
| Gain or (Loss) | $5,500.00 | |
| TOTAL | $10,500.00 | $10,500.00 |

### Cash Receipt Entries for Asset Items That Are Sold

When you dispose of an asset item by selling it, a cash receipt transaction is automatically posted when you process the disposal in **Asset Management** » **Disposal Processing**.

The cash receipt records:

- The cash received for the sale of the asset item.
- The reversal of the asset item's general ledger balances for accumulated depreciation and the asset account.
- Any gain or loss if the asset item is not fully depreciated when it is disposed.

The following accounts are debited and credited:

| Account | Debited | Credited |
|---|---|---|
| Accumulated Depreciation | X | |
| Asset | | X |
| Cash | X | |
| (Loss) | X | |
| Gain | | X |

General ledger entries are made to your GL book and not to any additional books that you may have set up.

### Example

Asset item A has a useful life of 24 months and is depreciated using the straight-line method.

You processed depreciation for the asset item for 12 months.

You dispose of the asset item on the 13th month and sell it for $2,000 cash.

The following table shows the entries for the asset item in the Equipment hub for the general ledger book and an additional book, if you have one set up.

| | General Ledger Book | Additional Book |
|---|---|---|
| **Acquisition Cost**<br>From the GL Cost and Additional Book tabs in the Equipment hub | $10,500 | $10,500 |
| **Business Use Percent**<br>From the GL Cost and Additional Books tabs in the Equipment hub | 100% | 100% |

| | General Ledger Book | Additional Book |
|---|---|---|
| **Net Cost** | $10,500.00 | $10,500.00 |
| **Additional Cost**<br>From the Additional Books tab in the Equipment hub | Does not apply | $1.00 |
| **Salvage Value**<br>From the GL Cost and Additional Books tabs in the Equipment hub | $500.00 | $500.00 |
| **Additional First Year Depreciation**<br>From the Additional Books tab in the Equipment hub | Does not apply | $100.00 |
| **Section 179**<br>From the Additional Books tab in the Equipment hub | Does not apply | $100.00 |
| **Depreciation Basis**<br>From the GL Cost and Additional Book tabs in the Equipment hub | $10,000.00 | $9,801.00 |

The following table is a summary that shows 12 months of depreciation for asset A and the amount that you received when you sold asset A.

| | General Ledger Book | Additional Book |
|---|---|---|
| **Accumulated Depreciation for 12 Months**<br>For GL Book, this was posted to your general ledger when you processed depreciation. | $5,000 | $4,900.50 |
| Disposal (amount not depreciated when the asset item is disposed) | $5,500.00 | $5,400.50 |
| Gain or (Loss) | ($3,500.00) | ($3,400.50) |
| Sold for $2,000 cash | $2,000.00 | $2,000.00 |

The following table shows the accounts that are debited and credited for your GL Book when you run disposal processing for asset item A and a cash receipt is automatically posted.

| Account | Amount Debited | Amount Credited |
|---|---|---|
| Accumulated Depreciation | $5,000.00 | |
| Cash | $2,000.00 | |
| Asset | | $10,500.00 |

| Account | Amount Debited | Amount Credited |
|---|---|---|
| Gain or (Loss) | $3,500.00 | |
| TOTAL | $10,500.00 | $10,500.00 |

### Undoing the Disposal of an Asset Item

If necessary, you can undo the posting for an asset item's disposal.

Undo postings in **Utilities** » **Advanced Utilities** » **Undo Posting**.

You must perform the undoing of the disposal posting in the accounting period in which the asset item was disposed.

When you undo the disposal processing posting for an asset item:

- DPS reverses the entries that were posted to your general ledger, marks the original posting log for the disposal as **Removed**, and creates a new posting log with an AL transaction type.
- On the GL Book tab in the Equipment hub:
  - The status of the asset item in the **Asset Status** field automatically changes from **Disposed** to **Inactive**. You can change the status to **Active**, as needed.
  - The disposal date is removed from the **Disposal Date** field.
- Entries for the disposal are removed from the Summary and History tabs in **Asset Management** » **Asset Review**. The Disposal row on the Summary tab is removed. The Disposal-Sold or Disposal-Scrapped row on the History tab is removed.

## Asset Review

Use Asset Review to view summary information for an asset item.

The information in Asset Review is display-only; you cannot change it. Each tab provides the following information:

- **Settings tab**: This tab provides an overview of an asset item's depreciation settings and information for calculating depreciation, such as the depreciation method and in-service period, which are entered in the Equipment hub.
- **Summary tab**: This tab shows a side-by-side comparison of financial information for an asset item's GL book and any additional books that you set up for an asset item. The information is for the active (current) period.
- **History tab**: This tab shows transaction history from depreciation, transfer, split, and disposal processing for an asset item in Asset Management. The transactions are from all periods, not just the active (current) period.
- **Unit tab**: This tab shows information about unit-generated billing values that are associated with an asset item.

## Section 179 Review

In Section 179 Review, you can view all of the asset items that have had a section 179 deduction applied to them for a specific tax year and additional book.

When you specify the tax year and additional book that you want to view, the Section 179 Review form displays the total amount of the section 179 deduction that has already been applied for all asset items for the tax year and additional book. You can compare that amount to the section 179 deduction limit amount, which also displays on the form. This lets you determine the remaining amount of the section 179 deduction that you can apply to other asset items before you reach the deduction limit.

Enter a section 179 deduction amount for an additional book for an asset item in the **Less Section 179 Deductions** field on the Additional Books tab in the Equipment hub. Enter the limit for a tax year for all additional books on the Section 179 tab in **Settings** » **Accounting** » **Asset Management**.

You also see the in-service date for the asset items and the section deduction 179 limit for a tax year that was entered on the Section 179 tab in **Settings** » **Accounting** » **Asset Management**. This allows you to see the limit for the year and additional book and how much of this amount you have already applied to asset items.

## Asset Impairments

A fixed asset becomes impaired when its fair market value suddenly drops below the value of its carrying value (acquisition cost less accumulated depreciation), and the loss is not recoverable.

This can happen if an asset's current market value declines because of obsolescence.

### Impairment Processing Steps

To process an impairment for an asset item, complete the following steps in the accounting period in which the impairment occurs:

1. Enter a journal entry for the impairment to reduce the asset's value on your Balance Sheet and recognize a loss on your Income Statement.
2. Record the impairment for the asset item in the Equipment hub. You can add an impairment to the Acquisition Cost grid on the GL Cost tab, reduce the useful life in years on the GL Book tab, or do both. This changes the depreciation calculation going forward for the asset item.
3. Process depreciation for the asset item after you change the depreciation calculation.

### Journal Entry

Enter the following journal entry in **Transaction Center** » **Transaction Entry**:

| Account | Debit | Credit |
|---|---|---|
| Impairment Expense | X | |
| Accumulated Asset Impairment Loss | | X |

### Changes to an Impaired Asset Item

The following are the ways you can record an impairment in the Equipment hub for an asset item and how this changes the depreciation calculation for an impaired asset item:

| Way to Record the Impairment in the Equipment hub | Description |
|---|---|
| Enter an acquisition cost for the asset item. | In the Acquisition Costs grid on the GL Cost tab, enter a row for the impairment with a negative amount.<br>▪ The depreciation basis for the asset item is reduced by the impairment amount. Going forward, the monthly depreciation that is calculated for the asset item is reduced.<br>▪ You must clear the **Life of Assets** check box in the row so that the deprecation calculation change will apply only for the periods going forward. If you do not clear it, the impairment amount will be used to recalculate depreciation for prior periods when you run deprecation in the current month because it expects the impairment amount to apply for the life of the asset.<br>▪ DPS will use the straight-line depreciation method to calculate depreciation for the asset item for the remainder of its useful life in years, regardless of what depreciation method is assigned to the asset item on the GL Book tab and the Additional Books tab in the Equipment hub. |
| Change the useful life in years for the asset item. | Change the useful life in years for the asset item in the **Useful Life In Years** field on the GL Book tab on the Equipment form. You must also clear the **Life of Asset** check box for at least one cost row (any row) in the Acquisition Cost grid on the GL Cost tab.<br>Going forward, starting in the month in which you entered the impairment, the monthly depreciation calculation will change and be based on the new useful life in years. In addition, DPS will make a one-time depreciation adjustment when you run depreciation in the period in which you entered the impairment. This adjustment is made so that total depreciation expense and total accumulated depreciation in this period now reflect the new depreciation calculation for all prior periods. DPS applies the new calculation for the depreciation for previous months and makes the depreciation adjustment for this in the period in which you made the impairment. It does not post this adjustment in the previous months.<br>DPS will use the straight-line depreciation method to calculate depreciation for the asset item for the remainder of its useful life in years, regardless of what depreciation method is assigned to the asset item on the GL Book tab and the Additional Books tab in the Equipment hub. |

| Way to Record the Impairment in the Equipment hub | Description |
|---|---|
| | Do not rerun depreciation processing in a prior period for an impaired asset item unless you change the useful life in years back to the original value before the impairment. Then, change the useful life in years back to the impairment value.<br><br>**Example:**<br><br>You have an asset item that has a useful life of 4 years. The depreciation basis is $10,000, which is $2,500 of depreciation per year or $208.33 per month. After one year of depreciation, the accumulated depreciation for the asset item is $2,500, and the remaining depreciation to apply is $7,500.<br><br>At the start of period 13, you change the useful life from 4 years to 3 years. Now the depreciation for each of the 3 years should be $3,333.33 or $277.78 per month. When you run depreciation in period 13 after you change the useful life in years to 3, DPS calculates $1,111.14 of depreciation for period 13. This consists of the following:<br><br>▪ $277.78: This is the depreciation for period 13, using the new depreciation calculation.<br><br>▪ $833.36: This is the adjustment for the first 12 periods, so that period 13's total depreciation and accumulated depreciation correctly includes the depreciation from those prior periods using the new depreciation calculation. Based on the new depreciation calculation, the accumulated depreciation in period 12 should be $3,333.36 (12 x $277.78). However, the accumulated depreciation in period 12 was $2,500. The difference between $3,333.36 and $2,500 is $833.36.<br><br>The depreciation calculated for the remaining period after period 13 is $277.78. |

### Multiple Impairments

You can enter more than one impairment for an asset item in the Acquisition Cost grid on the GL Cost tab in the Equipment hub. DPS looks at the **Period** field in the Acquisition Cost grid for the impairments (the **Life of Asset** check box is cleared) to calculate the remaining depreciation amounts.

### Rerunning Depreciation for Impaired Asset Items

For impaired asset items, if you go back to a prior period and rerun depreciation (or go back to a prior period and unpost and rerun depreciation), you must run depreciation in each period going forward until you reach the current period.

### Impairment Example

For an impairment example, see KB article 83456 on the Deltek Customer Care Connect site.

## Asset Management Alerts

You can set up alerts to notify employees of entries and changes to asset items that are based on fields in the Equipment hub.

For example, you can create alerts to notify the appropriate employees when:

- A new asset item is created from a purchase order or accounts payable voucher, or an asset item is created directly in the Equipment hub.
- An asset item is created that is less than the capitalization minimum that is entered on the General tab in Asset Configuration.
- An employee assignment for an asset item has changed on the Assignments tab in the Equipment hub.
- An asset item's status has changed from active to disposed.
- The depreciation basis for an asset item has changed.

Create these workflows in **Configuration** » **Workflow**.

# Purchasing and Inventory

Use the Purchasing application to automate your record-keeping for both internal and project-related procurement and receiving of services, materials, supplies, and capital items. Use the Inventory application to automate the management and tracking of inventory items.

The Purchasing application is designed for use by both:

- Enterprises in which a central administrative staff performs all purchasing tasks.
- Enterprises in which non-administrative staff perform their own purchasing tasks.

## Purchasing

With the Purchasing application, you can keep records for both internal and project-related procurement and receiving of services, materials, supplies, and capital items. It makes no difference whether your enterprise's purchasing activity occurs in a central office or in individual branch offices.

### Requisitions and Requests for Price Quotes

Use the Purchasing application to create purchase requisitions and requests for price quotes, which help you decide whether items and services are necessary and how much they cost before you send a purchase order for those items or services.

### Purchase Orders

In the Purchasing application, you can create three types of purchase orders: standard, service, and blanket. You can create purchase orders in multiple ways:

- Copy any other purchase order in the DPS database, without regard for its type or status.
- Base a purchase order on an approved requisition, if your enterprise uses the **Purchasing** » **Purchasing Requisitions** feature.

- Base a purchase order on an approved request for price quote, if your enterprise uses the **Purchasing** » **Requests for Price Quote** feature.

### Create Voucher from PO

You can create and post an accounts payable voucher from purchase order line items if you ordered the items or services by using one or more purchase orders created in the Purchasing application and you have the vendors' invoices.

### Cost Distribution

Use the cost distribution feature to specify the project, phase, or task to which a purchased item's tax, shipping, and extra amounts are charged when the line item's voucher is posted.

### Committed Expenses

The cost of a purchased item, service, or capital expenditure displays on a project's financial statements after the voucher payment file is posted. Use the committed expense feature to view these costs before they are vouchered and paid.

### Change an Approved or Final Printed Purchase Order

To change an approved or final printed purchase order, you must use a change order or a release order:

- To change a standard purchase order or a service order that is approved or final printed, use a change order.
- To change a blanket order that is approved or final printed, use a release order.

### Purchase Order Types

In the Purchasing application, you can create three types of purchase orders: standard, service, and blanket.

You specify the purchase order type in the **Type** field on the General tab of the Purchase Orders form.

After you save a completed purchase order, the purchase order's type displays after its number in the upper left corner of the Purchase Orders form. The purchase order number and type also display in Purchasing lookup lists.

### Status Codes

All purchase orders and release orders have status codes that show their current state of completion.

#### Standard Purchase Order

A standard purchase order is a contract to purchase specified items in specified quantities, at specified prices, with specified delivery terms.

To change a standard purchase order that has been approved or final printed, you must use a change order.

### Service Purchase Order

A service purchase order is an agreement to purchase the work that is identified in the service agreement. To complete the Line Items tab for a service order, enter hours and rates, not quantities and amounts.

A service purchase order has a start date and an end date. These dates identify the time when services can be ordered.

A service purchase order also has "not to exceed" amounts. They set the maximum aggregate cost allowed for the services.

To change a service purchase order that was approved or final-printed, you must use a change order.

### Blanket Purchase Order

Blanket purchase orders approve multiple purchases from one vendor, up to a specified monetary amount and within a specified time frame.

Create a blanket purchase order if you know that your company will purchase several items or services from one vendor during the year, but not all at the same time, and you expect to negotiate with the vendor to reduce the contract price because you promise to purchase several items or services over time under the blanket order.

During the term of the blanket purchase order, you use release orders to make incremental purchases against the purchase order or to make changes to the purchase order.

A blanket order does not cause a committed expense to be made.

You cannot receive against a blanket order.

To see the unfilled balance for a blanket order, run the Blanket Purchase Orders report.

### Release Order

When you have a blanket purchase order in place with a vendor, you use release orders to make incremental purchases against the purchase order or to make changes to the purchase order.

Use a release order:

- To specify item quantities and delivery dates.
- If the blanket order was created with no line items, to specify the items that you are purchasing, applying the "not to exceed" amount that is specified in the blanket order.
- As a change order for the blanket purchase order.

A release order has the same approval requirements as its blanket order.

#### Release Order Numbers

DPS assigns a release order number to each release order. You cannot change the number.

In Purchase Order lookup lists, release orders are displayed by release number. The word **Standard** displays in the **P.O. Type** column.

## Change Order

After you final print a purchase order, the only way to change it is by entering a change order.

Use a change order to:

- Change the items in a purchase order.
- Increase or decrease an item's quantity.
- Change a blanket or service purchase order's not-to-exceed amount and the end date of the agreement (**Period To** date).
- Align an item price with the price on the vendor's invoice or with the item's Last Price in **Settings** » **Purchasing & Inventory** » **Items Master**.

To maintain a proper audit trail, DPS saves all change orders. To reverse or change a change order, you must create a new change order that reverses the other change order.

### Blanket Purchase Orders

You can use a change order to cancel a blanket purchase order. On the change order, in the **Not to Exceed Change Amount** field in the Change/Cancel Orders grid on the General tab, enter an amount that, when added to the original not-to exceed amount (entered on the Agreement tab of the Purchase Order form), equals zero.

### Change Order Numbers

DPS assigns a change order number to each change order. You cannot change the number.

### Buyer's Purchasing Limit

A change order cannot exceed the buyer's purchasing limit that is entered on the Buyers tab in **Settings** » **Purchasing & Inventory** » **Company**.

### Approvals

A change order must go through an approval process if you have enabled an approvals process for purchase orders.

### Requisitions and Requests for Price Quotes

Use the Purchasing application to create purchase requisitions and requests for price quotes, which help you decide whether items and services are necessary and how much they cost before you send a purchase order for those items or services.

- **Purchase Requisition**: The buyer sends a purchase requisition to an internal approver to seek permission to purchase an item or service.
- **Request for Price Quote (RFQ)**: The buyer sends a request for price quote to one or more vendors to ask for an estimated price on a specified item or service, for purposes of comparing prices.

### Status Codes

All requisitions and requests for price quotes have status codes that show their current state of completion.

### Purchasing Templates

You can use default templates or your own custom templates to produce purchase orders and requests for price quotes that you send to vendors.

You create a custom template using Purchase Template Editor. The template displays in the drop-down lists in the following locations:

- The **P.O. Template** field in the Buyers grid on the Buyer tab of **Settings** » **Purchasing & Inventory** » **Company**).
- The **RFQ/PO Template** field on the Vendors tab of the Firms hub.

You should give each custom template a name that is easy to identify in lists.

You assign a template to:

- Each buyer for whom access to templates is necessary.
- Each vendor to whom you send purchase orders and requests for price quotes.

### Cost Distribution

Use the cost distribution feature to specify the project, phase, or task to which a purchased item's tax, shipping, and extra amounts are charged when the line item's voucher is posted.

DPS uses a line item's cost distribution to calculate the item's committed expense and to determine whether the item's cost is billable. If it is, the committed expense amount displays at billing rates.

### Require Cost Distribution

You can require users to specify at least one project to which to distribute cost when they create purchase orders, purchase requisitions, and requests for price quotes. Use the **Required Data** fields on the General tab of the **Settings** » **Purchasing & Inventory** » **Company**.

### Global Cost Distribution

Use global cost distribution to specify how costs are distributed for all line items in a purchasing transaction. You can override this information for a specific line item.

Specify the cost distribution in either of these places:

- **Default Distribution tab of the Purchase Orders form**

  If this is a blanket purchase order, use this tab to specify the cost distribution for release orders.
- **Cost Distribution tab of the Purchase Orders form**

### Line Item Cost Distribution

Use line item cost distribution to override the global distribution for an individual line item in a purchasing transaction. Each line item has a Line Item Detail dialog box with a Cost Distribution tab. Use this tab to specify the cost distribution for an individual line item.

The dialog box is accessible from any purchasing transaction in which the line item appears:

- **Cost Distribution tab of Purchase Order Line Detail dialog box**

Use the Cost Distribution grid tab of the Purchase Order Line Detail dialog box to specify the project, at its lowest level of work breakdown structure, to which to charge the cost of the item currently selected on the Line Items grid on the Line Items tab of Purchase Orders.

Also use this grid to specify whether the item cost is billable. If it is, you can view the item's committed expense at billing rates.

The cost distribution that you specify here causes DPS to ignore the global cost distribution specified on the purchase order's Default Distribution tab.

- **Cost Distribution tab of Purchase Requisition Line Detail dialog box**

  Use the Cost Distribution grid tab of the Purchase Requisition Line Detail dialog box to specify the project, at its lowest level of work breakdown structure, to which to charge tax, shipping, and other costs for the item currently selected on the Items grid of the General tab of the Purchase Requisition form.

  Also use this grid to specify whether the item cost is billable. If it is, you can view the committed expense at billing rates.

  The cost distribution that you specify here causes DPS to disregard the global cost distribution specified on the purchase requisition's Cost Distribution tab.

- **Cost Distribution tab of Line Item Detail dialog box on the Open to Voucher grid**

  You can view a line item's current cost distribution in its Line Item detail dialog. Select the item row and click  . On the Line Item detail dialog box, click the Cost Distribution tab.

- **Cost Distribution option on the Open to Voucher grid**

  Click  to display the cost distribution dialog box for the selected line item. You can edit the voucher amount for any item line, but the total cost distribution must match the total voucher amount, which is the **Open Amount** in the Open to Voucher grid.

  DPS uses the cost distribution displayed here as the line item's tax, shipping, and extra items amounts for the voucher.

### Multiple Companies

If you track multiple companies in DPS and the default account for tax, shipping, or extra amounts, as specified on the Accounts tab of **Settings** » **Purchasing & Inventory** » **Company**, is invalid for the project's company, DPS uses the account from the Cost Distribution hierarchy.

### Committed Expenses

The cost of a purchased item, service, or capital expenditure appears on a project's financial statements after the voucher payment file is posted. Use the committed expense feature to view these costs before they are vouchered and paid.

When you final print a purchase order, DPS creates a committed expense for each of its line items. ("Final print" means that a purchase order is printed from **Purchasing** » **Purchase Orders** and not from Reporting. The "final print" option is not available from the Reporting application.)

You can choose to display a project's committed expenses on the Office Earnings or Project Detail reports, at cost rates or billing rates.

For example, assume that your office creates a six-month series of purchase orders for supplies. After you final print those purchase orders, all six months' worth of committed expenses appear on the Office Earnings and Project Detail reports the next time that you run them (if you choose to display committed expenses).

### Source of Cost Data

When you a final print a standard or service purchase order, DPS updates each associated project record with the item's or service's committed expenses, using the cost data from:

- The purchase order's Default Distribution Tab, or
- If specified differently for this item or service, from the Cost Distribution tab of the item's Line Detail dialog box.

### Reverse a Committed Expense without Using a Voucher

Closing or canceling a purchase order reverses the committed expenses for all items in the purchase order. If you make a committed expense by error because you final print a purchase order in error, you must create a change order to reverse the committed expense.

### Create an Expense Transaction for the Income Statement

To display committed expenses on a project's Income Statement, you must create a voucher using the **Create Voucher from PO** option in Accounts Payable (**Accounting** » **Accounts Payable** » **Create Voucher from PO**).

When you post the voucher payment file,DPS:

- Reverses each item's committed expense.
- Makes an expense transaction in Accounting.
- Posts the amount to the applicable Income Statement account.

### Undo Posting Utility

Use the Undo Posting utility at **Utilities** » **Advanced Utilities** » **Undo Posting** to exclude accounts payable voucher transactions that were made in **Accounting** » **Accounts Payable** » **Create Voucher from PO**.

### Project Planning

Information will be provided in a future release.

If you use the Purchasing application, the **Show Committed PO Expenses** option displays on the General tab of **Planning** » **Project Planning**.

Select this option to display a project's committed expenses on the plan's Expenses and Consultants tabs. The plan tabs display committed expenses in dark cyan immediately after the purchase order is final printed. When the voucher is posted in **Accounting** » **Accounts Payable** » **Create Voucher from PO**, the committed expenses display in the same way as any other planning expenses.

### Committed Expense at Billing Rates

When a purchase order is final printed, its committed expenses can display at cost or at billing rates on the Office Earnings Report and the Project Summary report.

For the committed expense's billing extension, the project or billing currency displays, depending on whether the **Use Billing Currency not Project Currency** option is selected on the Reporting tab of **Settings** » **Advanced Accounting** » **System**.

To specify how to display committed expenses at billing rates, use the **Consultant Multiplier** and **Reimbursable Multiplier** fields in the Purchasing Commitments section on the Accounting tab of the Projects hub.

When you enter the estimated multiplier values in these fields, DPS uses them to calculate the committed expense for each item that can be charged to a project and that is identified as Billable on the purchase order's Default Distribution tab.

When you choose to show committed expenses at billing rates, DPS uses the following formula to calculate the committed expenses for items identified as Billable:

**Committed Expense = Committed Cost * Multiplier**

### Committed Expenses and Multiple Currencies

If you track multiple currencies in DPS, committed expenses are handled in a specific way.

DPS calculates and stores the committed expense in all of these currencies:

- The functional currency of the company that owns the project/phase/task.
- The project currency of the project.
- For the committed expense's billing extension, the project currency or the billing currency, depending on whether you select the **Use Billing Currency not Project Currency** option on the General tab of **Settings** » **Advanced Accounting** » **System**.

  This selection also controls the display of a project's committed expenses at cost rates or billing rates when you display committed expenses on project reports.

### Create an Expense Transaction for the Income Statement

To display committed expenses on a project's Income Statement, you must create a voucher using **Accounting** » **Accounts Payable** » **Create Voucher from PO**.

If you use multiple currencies, when a purchase order line item is selected to be vouchered, DPS uses the voucher's bank code to determine the payment currency, and uses the voucher's voucher date to convert the amount in this payment currency to an amount in the purchase order's transaction currency.

### Creating Vouchers from Purchase Orders

You can create and post an accounts payable voucher from purchase order line items if you ordered the items or services by using one or more purchase orders created in the Purchasing application and you have the vendors' invoices.

If the item is an inventory item, you must have recorded its receipt in the Receiving application.

On the Navigation menu in the desktop application, select **Cash Management** » **Create Voucher from PO**. On the Select Posting Run dialog box, select a posting run or click **New** to create a new posting run.

To activate the Vendor Review tab, select the vendor whose purchase orders to retrieve. In the tab's header, select the **Selected for this run** option to enable the tab.

### Locate Purchase Order Items Available to Voucher

Your purchasing staff can use different approaches to identify all open purchase order line items, including change orders and releases, that are available to put into a vendor's voucher.

- **Two-way matching**: This procedure uses the vendor's invoice to identify all of the item detail lines from the vendor's purchase orders that are available to voucher. To follow this approach, you need to have the vendor's invoice, but you do not need to have received the order.

  This procedure usually identifies more item detail lines for a vendor than does the three-way match procedure.

- **Three-way matching**: This procedure uses both the vendor's invoice and the receipt for the vendor's shipment to identify all of the item detail lines that are available to voucher. To follow this approach, you need to have the vendor's invoice and to have received the order.

  This procedure usually identifies fewer item detail lines for a vendor than does the two-way match procedure.

  The match method for inventory items is always three-way matching.

For either match method, DPS also displays all of the service orders for the selected vendor.

### Review Purchase Order Items

The Open to Voucher grid lists the purchase order line items available to voucher. Manually review the items on the list to identify the ones for which you want to create a voucher.

- You can edit voucher line items to revise cost distribution and taxes among items if, for example, you have agreed with the vendor to adjust these amounts.
- You can edit the **Invoice Amount** in the header of the Vendor Review tab. Before you can post the voucher, the **Invoice Amount** must match the **Total** from the **Open Amount** column, plus shipping, taxes, and any extra amount. This does not affect the item's cost distribution in the purchase order.
- When you enable the Inventory feature, the **Shipping Amount**, **Tax** and, if configured, **Extra Amount** fields are active for inventory items. Click the **Default Estimated Costs** grid option to:
  - Populate these fields from the General tab of the Purchase Order Line Detail dialog box.
  - Include the amounts in these fields when calculating the item's average actual cost.

### Multiple Companies

If you use multiple companies, the vendors available to a company are limited by the Vendor tab in the Firms hub:

- The **Approved for use in processing for company 'xx'** option must be selected.
- The vendor's vendor **Type** must be available to the active company.

  The **Type** field on the Vendor tab of the Firms hub lists those vendor types available to company xx. Each vendor type and each company have accounts associated with them. The accounts that a given company and vendor type have in common determine which vendor types are available to that company.

### Multiple Currencies

If you track multiple currencies in DPS, the Open to Voucher grid enables those purchase orders or line items whose amounts are in the voucher's transaction currency, as specified in the **Currency Code** field in the Vendor Review tab header.

To modify different rows in the list, select the currency of the line item to modify in the **Currency Code** field.

You can select one currency code per voucher.

### Security

To create vouchers from purchase orders, your security role must have access to **Accounting** » **Accounts Payable** » **Create Voucher from PO** on the General tab of **Settings** » **Security** » **Roles**.

### Approval Process for Purchasing Applications

You can choose whether or not purchase requisitions, requests for price quotes, and purchase orders (including change orders and release orders) must go through an approval process.

### Workflow Settings

The approval process is based on an approval workflow that you set up and configure specifically for each of the following: Purchase Requisitions, Request for Price Quote, and Purchase Orders.

An approval workflow identifies the:

- Steps in the approval process.
- Approvers assigned to each step.
- Notification alerts to send and actions to process for each step to keep the approval process on schedule.

You create and configure approval workflows in **Settings** » **Workflow** » **Approval Workflows**. You can create simple or complex, multi-tiered, conditional steps for approval workflows.

If you have organizations, you can specify approver roles at the organization level in **Settings** » **Organization** » **General**.

Turn on approvals and specify the approval workflow it will use, in **Settings** » **Purchasing & Inventory** » **Company**.

### Approval Process

In the Purchase Requisitions, Request for Price Quote, and Purchase Orders process, the approval process starts when you click the **Submit** option on the toolbar of a Purchasing form. If you are a designated approver for the current approval step, the toolbar on the Purchasing entry

form displays an **Approvals** option. Use the options in the **Approvers** drop-down menu to take action for an approval step, such as approving, rejecting, reassigning, and so on.

### Alerts

If you set up alert for an approval workflow (in **Settings** » **Workflow** » **Approval Workflows**) DPS sends alerts to notify approvers and others that Purchasing records are ready for their review, the due date for an approval step is near, a record has been rejected or approved, and so on.

### Viewing the Progress of Purchasing Records Being Approved

To see the progress of a purchasing record in the approval process, you can look in several places on the Purchasing entry form: in the Purchasing record lookup (in the **Search** field), in the **State** and **Step** fields on the General tab, and on the Progress tab.

You can see whether or not the approval process has started and if the record is in approval, in review, or completed. You can see the most detail on the Progress tab.

### Assigning a Delegate to Perform Approvals in Your Absence

If you normally approve purchase requisitions, requests for price quotes, purchase orders, change orders, or request orders, you can temporarily assign another person to perform these duties in your absence. Assign delegates on the General tab of My Preferences, which you access from the main toolbar.

### If You Do Not Use an Approval Workflow for a Purchasing Process

If you do not use an approval workflow for Purchase Requisitions, Request for Price Quote, or Purchase Orders, after you create and save a record, you must click the **Submit** button on the toolbar of a Purchasing form to change the status of the Purchasing record from **In Progress** to **Approved**. The record does not go through an actual approval process as it would with an approval workflow, but it must have an **Approved** status before you can final print it.

### Status Codes for Purchasing

Refer to status codes throughout the Purchasing application to see the current stage of various purchasing processes.

#### Status Codes for Purchase Orders

Purchase order status codes show the current stage of a purchase order, release order, or change order in the purchasing process.

As key events occur for a record, DPS updates the status in the **Status** field on the General tab of the Purchase Orders form. Key events for a record include changing its information, sending a purchase order to an approver, approving a purchase order, and recording receipt of a delivery.

| Status | Description | Can Be: |
|---|---|---|
| **N - In Progress** | ▪ A user is completing a form or dialog box for the purchase order. | ▪ Copied, changed, submitted, and deleted by a |

| Status | Description | Can Be: |
|---|---|---|
| | ▪ A user has changed the purchase order, but the user has not sent the purchase order to an approver for approval. | creator or buyer who has the necessary security access.<br>▪ Opened, changed, and submitted by approvers for whom **Edit All PO** is selected on the Buyer tab in **Settings** » **Purchasing & Inventory** » **Company**. |
| **S - Submitted** | ▪ A buyer has sent the purchase order to an approver for approval.<br>▪ If the purchase order monetary quantity is inside the buyer's approval limit, the purchase order's status changes to **Approved** immediately after the buyer sends it to the approver. | ▪ Copied, opened, changed, and deleted by a creator or buyer who has the necessary security permission.<br>▪ Opened and changed by Approvers for whom **Edit All PO** is selected on the Buyer tab in **Settings** » **Purchasing & Inventory** » **Company**. When a submitted purchase order is changed, its status changes to **In Progress**.<br>▪ Approved by approvers. Approving a purchase order changes its status to **Approved**.<br>▪ Rejected by approvers. Rejecting a purchase order changes its status to **Rejected**. |
| **A - Approved** | ▪ An approver has approved the purchase order, and now it is ready to be final-printed, or<br>▪ A buyer has sent the purchase order to an approver, and its monetary quantity is inside the buyer's limit.<br>▪ After a purchase order has been approved, the approver's name displays in the **Authorized By** field on the General tab of the Purchase Order form; the purchase order cannot be changed; and the purchase order cannot be deleted. | ▪ Copied by creator, buyer, and approvers.<br>▪ Printed in draft form or in final form by creator, buyer, and approvers.<br>▪ Rejected by approvers, if the purchase order is not closed. |

| Status | Description | Can Be: |
|---|---|---|
| **J - Rejected** | ▪ An approver has refused to approve the purchase order in its current form.<br>▪ When a purchase order is rejected, the label on the **Authorized By** button changes to **Rejected By** on the General tab of **Purchasing** » **Purchase Orders**. The **Rejected By** field displays the name of the user who rejected the purchase order. | ▪ Modified by the creator or buyer or by approvers for whom the **Edit All PO** option is selected in **Settings** » **Purchasing & Inventory** » **Company**. This changes the status of the purchase order to **In Progress**.<br>▪ Copied by the creator, buyer, or approver.<br>▪ Deleted by the creator or buyer.<br>▪ Approved by the approver. This changes the purchase order's status to **Approved**. |
| **P - Printed** | ▪ The purchase order is final printed and complete, meaning that the purchase order was printed from **Purchasing** » **Purchase Orders** and not from **Reporting**.<br>▪ After they are received, the items listed in the purchase order's line items grid are permitted to be accepted.<br>▪ The purchase order cannot be changed unless by a change order, cancelled order or, for a blanket purchase order, a release order.<br>▪ The purchase order cannot be erased.<br>▪ A standard order, service order, or any line items on a standard or service order can be turned into a voucher in **Accounting** » **Accounts Payable** » **Create Voucher from PO**. | ▪ Opened, copied, and seen by the creator, buyer, and approvers.<br>▪ Cancelled by the creator, buyer, and approvers.<br>▪ Changed via a change order by the creator, buyer, and approvers. |
| **R - Released (Blanket Orders Only)** | ▪ The blanket order cannot be deleted. | ▪ Copied by the creator, buyer, and approvers.<br>▪ Changed by another release order by the creator, buyer, and approvers. |
| **G - Changed** | ▪ The change order has been sent to an approver for approval. | ▪ Opened and copied by the creator, buyer, and approvers. |

| Status | Description | Can Be: |
|---|---|---|
| | ▪ The change order cannot be deleted, changed, or canceled. | ▪ Approved by approvers. |
| **C - Cancelled** | ▪ To remove a purchase order after it has been final printed, you must cancel it. You cannot delete it from the database.<br>▪ To cancel a purchase order, use the **Process** » **Cancel PO** option on the Purchase Orders form toolbar.<br>▪ The **Cancelled** code shows that the change order has been sent to an approver for approval.<br>▪ No more change orders or release orders are permitted for the purchase order.<br>▪ The purchase order cannot be changed or deleted.<br>▪ The change order cannot be deleted, changed, or canceled. | ▪ Opened, seen, and copied by the creator, buyer, and approvers. |
| **Y - Closed** | ▪ The purchase order is closed.<br>▪ A purchase order can be closed by the creator and by buyers and approvers who have the necessary security permission.<br>▪ A purchase order can be selected to close automatically after it has been vouchered and the voucher has been posted.<br>▪ If a purchase order:<br>  ▪ Is approved but has not been sent to the vendor, you can close it to stop the purchasing procedure.<br>  ▪ Is printed, you can close it to stop the purchasing procedure. It is not available in Receiving.<br>  ▪ Has any items that were selected to voucher, you cannot close it unless you reverse the selection of | |

| Status | Description | Can Be: |
|---|---|---|
| | the items in **Accounting** » **Accounts Payable** » **Create Voucher from PO**.<br>▪ When a purchase order is closed:<br>▪ DPS displays a **Y** in the purchase order's **Closed** check box.<br>▪ The purchase order cannot be changed by any procedure, such as a change order or a release order.<br>▪ The purchase order cannot be canceled.<br>▪ The purchase order cannot have receivings written for it. | |

### Status Codes for Requisitions and Requests for Price Quotes

Order status codes show the current stage of a line item in the requisitions and requests for price quotes process.

| Status | Description |
|---|---|
| **T - Transferred to P. O.** | ▪ The line item was transferred to the purchase order, and the purchase order has not been printed. The item has not been ordered.<br>▪ When an item's status is **Transferred to P. O.**, the line item cannot be transferred to another purchase order. |
| **O - Ordered** | ▪ The line item was ordered.<br>▪ The purchase order's status is **Printed**. |

### Status Codes for Receiving

Receiving status codes show the current stage of a purchase order line item in the receiving process.

| Status | Description |
|---|---|
| **R - Fully Received** | All of the purchase order's items or services are received or completed. |
| **P - Partially Received** | Some of the purchase order's items or services are received or completed. |
| **B - Back-Ordered** | The balance of the quantity for the line item is back-ordered. |

## Inventory

Use the Inventory application to manage and track items designated as inventory items.

Inventory-related processes include:

- Inventory Issues
- Quantity Adjustments
- Location Moves
- Cost Adjustments

### Inventory Process Flow

Review the process flow that occurs when an inventory item is needed. The process flow depends on whether you have sufficient inventory on hand to fulfill the need.

| Step | Description |
|---|---|
| 1 | An item is needed for a project (referred to as the charge project). |
| 2 | If you do not have an item record for the item, create it in **Settings** » **Purchasing & Inventory** » **Items Master**. Complete the Inventory tab to designate the item as an inventory item. |
| 3 | Create an item request for the item. |
| 4 | If sufficient quantity of the item **is available**:<br>▪ Send the item request for approval. This causes an alert to be sent to the employee who can authorize the item request.<br>▪ When the item request is approved, DPS reserves the item quantity against the charge project.<br>▪ The inventory manager creates the Reservation Pick List report for the stock clerk or materials handler.<br>▪ The inventory manager creates an inventory issue transaction.<br>If sufficient quantity of the item **is not available**:<br>▪ Send the item request for approval.<br>▪ After the item request is sent, DPS:<br>  ▪ Calculates the Purchase Quantity (Requested Qty - Net Qty Available) and enters it in the Item Request grid.<br>  ▪ Reserves the quantity against the charge project, without regard to the quantity that is available.<br>  ▪ Makes a purchase requisition for the purchase quantity, and sends an alert to a Purchasing approver. |

| Step | Description |
| --- | --- |
| | ▪ When the item is received from the vendor, the receiving clerk creates a receipt. DPS recalculates the item's Quantity on Hand.<br>▪ If the quantity is available, the inventory manager creates an inventory issue transaction. |

### Inventory Item

You can identify an item as an inventory item, meaning that it is something that you keep on hand and track in the Inventory application.

### Characteristics of an Inventory Item

- It has the **Inventory Item** option selected on the Inventory tab of **Settings** » **Purchasing & Inventory** » **Items Master**. This shows that it is necessary to track its quantity, and that it can be linked to the Units hub in the desktop application and used to create invoices.
- It displays on Purchasing screens with the **Inventory Item** check box selected.
- You must specify the project, phase, and task to be charged for the item's quantity request transactions.
- DPS tracks its quantity for approvers, and displays a recap of all of the item's quantities on the Inventory tab of the Line Detail dialog box in **Inventory** » **Item Requests** and in **Purchasing** » **Item Review**.
- It shows a **Y** in the **Is Inventory** column of the Items Lookup launched from the **Item** field in all Purchasing and Inventory transaction screens.
- Its cost is first charged to the Inventory Common Project. To enforce this business rule, its grid row on the Cost Distribution tab of the Line Item Detail dialog box for purchase orders, purchase requisitions, and requests for price quote is non-editable. The Inventory Common Project displays in the project fields.

### Characteristics of a Non-Inventory Item

- It has the **Inventory Item** option cleared on the Inventory tab of **Settings** » **Purchasing & Inventory** » **Items Master**. It cannot be linked to a Units hub record.
- DPS's Item screens display it with the **Inventory Item** check box cleared.
- It can be included in an item request that also includes inventory items.
- You do not need to specify the project, phase and task to be charged for the item's cost, unless the **Require Cost Distribution** option is selected on the General tab of **Settings** » **Purchasing & Inventory** » **Company**.
- It is not tracked in the Inventory application.
- It displays an **N** in the **Is Inventory** column of the Items Lookup list launched from the **Item** field in all Purchasing and Inventory transaction screens.

### Change a Non-Inventory Item to an Inventory Item

You can change a non-inventory item to an inventory item in **Settings** » **Purchasing & Inventory** » **Items Master**. However, you cannot make this change if the non-inventory item is used in any purchase requisition or open purchase order. You must wait until all pending purchasing transactions are closed before making the change.

### Numbering Format

Inventory transactions of all types share one numbering system.

For a new inventory transaction, DPS uses the number displayed in the **Next Number/Inventory Transaction** field on the Inventory tab of **Settings** » **Purchasing & Inventory** » **Company**.

### Load Historical Data

Use **Inventory** » **Transactions** » **Quantity Adjustments** to load an inventory item's Quantity on Hand and Average Actual Cost data.

### Inventory Location

The Inventory application includes a Locations feature, which lets you track inventory stored at different locations in your firm.

It is not necessary to use the Location feature. If you do use it, the locations you define depend on how formally your firm designates and refers to the places where it keeps its inventory items.

Examples of location types are warehouses, office locations, company locations, closets, shelves, bins, and aisles.

To enable the Locations feature, select the **Allow Modify of Locations** option on the Inventory tab of **Settings** » **Purchasing & Inventory** » **Company**.

If you clear the **Allow Modify of Locations** option, you must set up one default location on the Inventory tab of **Settings** » **Purchasing & Inventory** » **Company**.

Select the **Allow Modify of Locations** option to make the **Default in Location for Inventory Transactions** option active. Select this option to cause DPS to put the item's **Default Location** in the **Location** field.

DPS uses these steps to determine a company's default location:

- The item's **Default Location**, if any, on the Inventory tab of **Settings** » **Purchasing & Inventory** » **Items Master**.
- The **Defaults/Location** on the Inventory tab of **Settings** » **Purchasing & Inventory** » **Company**.

### Average Actual Cost of an Inventory Item

DPS tracks an inventory item's average actual cost by calculating it each time an inventory item's quantity on hand or cost amount changes because of an inventory transaction posting.

DPS calculates the item's average actual cost using this formula:

**New Average Actual Cost = [(Current Qty on Hand * Current Avg Actual Cost) + (New Qty on Hand * New Unit Cost)]/Total Qty on Hand**

### Tax, Shipping, and Extra Amounts

When the Inventory feature is active, the Line Items tab of **Purchasing** » **Purchase Orders** includes columns for Tax, Shipping, and any Extra Amount.

The Extra Amount column displays only if the Extra Amount is defined in **Settings** » **Purchasing & Inventory** » **Company**.

DPS uses any amounts you enter in these columns to recalculate the item's average actual cost. Click the **Default Estimated Costs** grid option in the Open to Voucher grid to put the line item's Tax and Shipping amounts in the Open to Voucher grid in **Accounting** » **Accounts Payable** » **Create Voucher from PO**.

### Inventory Common Project

An inventory item cannot be purchased directly for a project. It is necessary to charge its cost to the inventory common project. After the inventory item is issued via an inventory issue transaction, DPS reclassifies the charge and moves it from the inventory common project to the charge project.

The inventory common project is used in the following ways:

- When you process Quantity Adjustments and Cost Adjustments transactions, journal entries are made that use the inventory common project to direct accounting entries to your general ledger. This happens only if the **Skip GL** option is cleared for that line in the Items grid.
- When you process Inventory Issue transactions, unit transactions are made that use the inventory common project to direct accounting entries to the general ledger.

You cannot edit an inventory item's grid row on the Cost Distribution tab of its Line Item Detail dialog box for purchase orders, purchase requisitions, and requests for price quote. The inventory common project is used in the project fields.

### Create the Project

During Inventory setup, it is necessary to create an inventory common project. After you create the inventory common project, you select it in the **Inventory Common** field on the Inventory tab of **Settings** » **Purchasing & Inventory** » **Company**. The inventory common project is used only in the Inventory application.

When you create a new Projects hub record for the inventory common project, you only need to complete the required (yellow) fields. Use a descriptive project name or a name beginning with zzz to make it easy to identify the project in lookup lists.

Perform these steps to set up the inventory common project record:

- Select the **Available to Accounting users** option on the General tab for each company for which the project is used by the Inventory application.
- Specify a **Charge Type** of **Overhead** on the Accounting tab.
- If you track multiple companies in DPS, enter a **Billing Currency** and a **Project Currency** on the Accounting tab.

If your database is set up to support phases and tasks, your inventory common project can have a phase and a task.

### Approval Process for Inventory Item Requests

Inventory item requests are required to go through an approval process.

### Configuration

The approval process is based on an approval workflow that you set up and configure specifically for inventory item requests. The approval workflow identifies the steps in the approval process, the approvers assigned to each step, and the notification alerts to send for each step to keep the approval process on schedule.

You create and configure an approval workflow for inventory item requests in **Settings** » **Workflow** » **Approval Workflows**. You can create simple or complex, multitiered, conditional steps for approval workflows.

If you use organizations in DPS, you can specify approver roles at the organization level in **Settings** » **Organization** » **General**.

In the Global Options section on the Inventory tab in **Settings** » **Purchasing & Inventory** » **Company**, you specify the approval workflow to use for inventory item request approvals.

### Approving an Item Request

In **Inventory** » **Item Requests**, after you save an item request, you click the **Submit** option on the toolbar of the Item Requests form. This starts the approval process using the assigned approval workflow. If you are a designated approver for the current approval step, the toolbar on the Item Requests entry form displays an **Approvals** option. You use the options in **Approvers** drop-down menu to take action for an approval step, such as approving, rejecting, reviewing, and so on.

### Alerts

Alerts that you set up in **Settings** » **Workflow** » **Approval Workflows** are automatically sent to notify approvers and others that inventory item requests are ready for their review, the due date for an approval step is near, a record has been rejected or approved, and so on.

### Viewing the Progress of an Item Request Being Approved

You can see the progress of an item request going through the approval process in several places on the Item Requests entry forms: in the Request lookup dialog box (in the **Search** field), in the **State** and **Step** fields on the General tab, and on the Progress tab. These places show you whether or not the approval process has started, the record is in approval or in review, and the approval is completed. You can see the current approval step that the record is in and more details (on the Progress tab).

### Assigning a Delegate to Perform Your Approval Assignments in Your Absence

If you normally approve inventory item requests, you can temporarily assign another person to perform approval duties in your absence. You assign delegates on the General tab of My Preferences.

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