

ENHANCED REVENUE RECOGNITION METHOD OVERVIEW

Thursday November 16th, 2017 | Joey Denson, CFE | jdenson@rfms.com

In July of 2002, Congress enacted the Sarbanes-Oxley Act, also known as the 'Public Company Accounting Reform and Investor Protection Act' (in the Senate) and 'Corporate and Auditing Accountability and Responsibility Act' (in the House). It is commonly called Sarbanes–Oxley, Sarbox or SOX. SOX is a United States federal law enacted which set new or enhanced standards for all U.S. public company boards, management and public accounting firms

To comply with SOX, RFMS developed the Enhanced Revenue Recognition Method or ERRM. ERRM is a feature in RFMS designed to allow more detail in your journal. It utilizes new Standard Account Codes for enhanced journal reporting and real-time General Ledger posting.

This feature breaks apart the journal summary reports for A/R, A/P, Customer Deposits, Sales, Cost of Sales and Inventory into a detailed listing that shows when specific transactions are made. ERRM also provides a more detailed journal listing than what is currently included in RFMS particularly relating to Work In Progress tracking through the journal.

ERRM is the most comprehensive approach for reflecting real-time financial position in the General Ledger.

OVERVIEW

This webinar will review show how ERRM functions from when order is generated to job costed including all the enhanced transactional entries made to the journal.

The ERRM option is designed to allow more detail in the journal by doing the following:

- Most activities generated in RFMS post to the journal immediately.
- Posts specific transactions instead of traditional journal summary reports for A/R, A/P, Customer Deposits, Sales, Cost of Sales and Inventory
- Batch numbers are generated to track individual transactions per line of the order and per record of inventory. The batch numbers are a set of journal entries for one specific procedure, meaning every transaction has its own batch number. They are assigned to each journal posting and you can filter and track information based on these numbers.
- New Standard Account Codes for enhanced journal reporting for labor include posting providers costs to the journal through a Work In Progress account. When revenue is recognized or the job is booked, the system posts to the income statement. The offsetting accrual for labor cost is posted at the same time the WIP entry is made to keep the journal in balance and provide a current balance of accrual for labor.

OPERATIONAL CHANGES

There are several other changes that you will notice in your RFMS system upon implementation of ERRM.

- Transactions will now post to the Journal in real time. This means there is an immediate journal entry for specific procedures.
- Journal postings are now immediately visible in the journal with new standard account codes as applicable to the transaction
- Journal printing at month-end will increase immensely. We recommend printing all month-end documents to PDF and printing to paper only as necessary.
- In addition, all accounting activity prior to activation will be treated by previous system rules and not ERRM.

ORDER ENTRY

- Turning on the switch for ERRM will flag each record entered thereafter to be treated as an Enhanced Revenue Recognition order. Transactions made prior to the ERRM switch is turned on will be treated as they were previously and month-end summaries for those transactions will be posted to the journal at month-end.

New Fields & Status

- Line Status-STAGED – indicates the line has been cut and a picking ticket printed
- Bill Date- populated when the order is Billed
- Close Date- populated with the order is Job Costed

New Requirements

A Picking Ticket is required for each order.

- Printing the picking ticket changes the order line status from **Cut to Staged**
- The Inventory record, however, will show as Reserved until a delivery ticket is issued since the material has not left the warehouse, it has merely moved from a bin location to a staging area within the warehouse.

A Delivery Ticket is required for each order.

- When the Delivery Ticket is printed, order lines are changed from a **Staged to a Delivered** status.
- The picking ticket no longer changes the inventory record status, only when the delivery ticket is printed will the inventory record change from Reserved to Used.
- Delivery Ticket date will be used to make an entry into the journal to decrease the inventory (CR-Inventory) and move the value to Work In Progress Material (DB-WIP Material) since the material is no longer in your warehouse but is presumed to be on the jobsite being installed.
- If the line status is change from Delivered back to any other status, the journal will be posted to reverse the entry that was originally made

RESTRICTIONS/EXCEPTIONS

The delivery ticket date impacts the overall order since the job cannot be closed before the delivery ticket date.

Example: Delivery ticket issued with today's date but the work was completed last week, maybe the material was picked up and we just now are processing the paperwork today. The system looks at the delivery ticket date when determining when the job can be closed. So if the delivery ticket has today's date, the job can only be close with today's date or later since that is the last activity shown on the job.

Be aware of the delivery ticket date, if the material is not being processed for today, change the date to whatever date the activity actually occurred

Providers Earnings post to Journal

Providers Earnings

- Posting a Provider Record to the Order, either manually or from Schedule Pro, will create a journal entry for Work In Progress Labor (DB-WIP Labor) and the offsetting entry to accrue the labor cost (CR-Accrued Labor) until the Print & Post Providers Earnings routine is run to pay the installer
- Similar to the delivery ticket, a reversing entry will be made if the provider record changes as follows:
 - Install Date edited
 - If the installation date is edited on a provider's earning record, the reversing journal entry will be made on the original installation date.
 - Dollar Amount edited
 - Provider Record deleted
- If a Provider Record is moved from one order to another, an entry is added to the journal with comment **Provider Move**

RESTRICTIONS/EXCEPTIONS

The only exception is if the Worker or Supplier record are marked as Do Not Accrue or the Provider Record is marked Do Not Accrue

Do Not Accrue

There is a Do Not Accrue button located in the Worker information, Supplier and on the Provider record. Selecting this option will keep a journal entry from being entered on the provider record regardless of the pay status. This feature can be used for any provider records to post against a particular job whether or not they are paid.

- Examples are burdens, freight or provider records which may be held before they are paid.
- Provider History Report has a check box that indicates if the provider record is marked "Do Not Accrue"
- If a provider record is entered and the Do Not Accrue option is not selected, the system will automatically post. If you were to go back to change the record to mark it *Do Not Accrue*, the system will reverse the entry made to the journal
- It is no longer possible to edit an installation date or delete a record in a closed journal period. The only change permitted is to change the Pay Status. (Traditional RFMS does allow an override and delete with an Access Code.)

Provider

Worker Information
Name: CARPET INSTALLER
Worker #: 20 Pay Type: Subcontractor
Skill Level: [FB]

Order Details
Invoice Number: 012114 [FB] ERRM Order Date: 01/21/14 Work Order #: []
Store: 001 Delivery Date: []
Installation Date: 11/20/14 [FB]

Service
Product Code: 81 [FB] CARPET INSTALLATION
Service and Service #: [] [FB] Auto Populate Units

Unit Rate
Rate: 3.0000 [Set to Selected Service] [Select From History] [Auto Match From Matrix] [Clear All Rates] [Select From Matrix]

Matrix Rate Information
Not Applied

Certified Payroll Requirements
 Use Certified Payroll

Hours Worked
Regular Hours: 0.00
Overtime Hours: 0.00
Doubletime Hours: 0.00
Actual Hourly Rate: 0.00

Units Installed
Qty: 100.00

Actual Earnings
Subtotal: 0.00
Misc: 0.00
Total: \$300.00

Payment Details
 Paid Date Paid: []
 Special Period
Pay Status: 000-OK to Pay
 Do Not Accrue

Total Earnings = (Unit Rate * Qty) + Misc Earnings

[OK] [Cancel]

Multiple Options to Process the Order- Billing-Revenue-Job Costing

ERRM has added features that allow the order to be recorded in multiple stages or finalized/ job costed immediately.

In some cases, an order may not be ready to be job costed since all of the costs are not processed (i.e. material costed and provider's earnings balanced) but it is in fact owed and therefore want to show on Accounts Receivable reports. The feature has been added to Bill the sale to meet these criteria.

Or maybe everything is processed except the vendor's invoices haven't arrived yet, but we want to recognize the sale or revenue for the job and the costs to be best of our knowledge. In this case the purchase order cost will be used as the cost for the materials, until the invoice from the vendor can be processed. The job is not finalized however it will show up on the income statement with the purchase order cost as the "presumed" cost.

Keep in mind, it's not necessary to do these steps individually, if the order is ready to be job costed meaning all material lines are in a delivered status, providers earnings balance and all vendor invoices have been processed for materials then by all means job cost the job immediately. There is no need for extra steps or extra work, however the new options allow for the journal and reports to be updated without the all or nothing that is the method for job costing in traditional RFMS.

- Bill – creates A/R
- Book- books revenue
- Job Cost-finalizes the job so commission(s) will post or be released (no journal activity)

Billing an order creates an invoice in Accounts Receivable

When an order is billed the order will be included in all Accounts Receivable reports. Statements can be run for the order even though the order has not been "jobcosted" the way traditional RFMS operates.

- A Bill Date is posted on the customer order
- Journal entries are immediately made to Accounts Receivable (**DB-A/R**) and an offsetting entry is made to Unbilled AR or what may be considered unbilled revenue in some accounting terminology or methods (**CR-Unbilled A/R**)

RESTRICTIONS/EXCEPTIONS

- Once an order has been Billed no changes can be made to line totals or grand total of the order.
- To make changes that impact the totals, the order must be Un-Billed. An entry is created in the journal that reverses or "un-bill" the order.

Booking an order creates entries to the Income Statement

When an order is booked it produces similar results to when an order was "jobcosted" in the traditional version of RFMS. The journal will be updated in real time and is posted with the detail of each line from the order. Material costs are moved from WIP Material (instead of Inventory) to Cost of Material. The new labor posting will occur that moves the costs from WIP Labor account to Cost of Labor account.

REQUIREMENTS

- All lines must be in a Delivered status
- Provider records have to be posted and balanced.

RESTRICTIONS/EXCEPTIONS

- Once an order has been Booked no changes can be made to the order.
- To make changes to order line status, providers earnings or other edits, the order must be Un-Booked. An entry is created in the journal that reverses with a comment "un-booked" for the order.
- Service lines can be in either a cut or a delivered status before the order can be booked. (i.e. a labor only order does not require delivery ticket)

Job Costing the order finalizes the process for reporting only- posts commission(s)

REQUIREMENTS

- Requires all materials are costed from the vendor.

- Commission files are updated since the final costs have been validated for invoices that had not been processed for materials when the job was booked. The report for commission is posted, no journal entries are posted for this transaction
- If the Billing and Booking were performed prior to Job Costing, no journal entries are made at this time.

RESTRICTIONS/EXCEPTIONS

- Once the order is Job Costed to edit the order it is required it be Un-Job Costed, Un-Booked and/or Un-Billed

INVENTORY

Cost Adjustments

- To accommodate tracking not costed inventory, all changes to item cost prior to costing are tracked through the history file not the current cost.
- If material is costed in a month later than the month it was received, cut and delivered and the cost is changed; if the journal is still open at the time of costing and the cost changed then the system makes the journal entry for the difference back to the journal using the date received

Inventory Adjustments

- Inventory adjustment records are posted immediately to the journal.
- Inventory adjustment records are posted to the journal as soon as they are made, and will not be held in the adjustments file or be on the inventory adjustments report.

Material Transfers

- When doing a transfer adjustment to another store, if the material has not been costed the system will post the original store and credit Materials in Uncosted, Debit Accrued Inventory for Costing. The new store will receive a debit to Materials in Uncosted, Credit Accrued Inventory for Costing.

ACCOUNTING

Accounts Payable

- With each A/P record posted, journal entries are immediately made.
- All A/P edits, voids, and payments will make individual journal entries.

Customer Payments

- Posting payments to customer orders will make individual journal entries that post to Receipts Not Deposited. When the deposit is posted to clear the receipts a journal entry is made to reverse the amount from Receipts Not Deposited to Checking.

Sales tax and Use Tax-Posted to the Sales & Use Tax Report at the time the sale is Booked. Sales Tax and Use Tax are not accrued

Banking-All banking transactions, including Receipts for Deposits will make individual journal entries.

Finance Charges Finance Charges posted and un-posted will make individual journal entries.

Statements -Once an order has been Billed in Order Entry, statements can be printed.

Journal

- Batch numbers are used to track transactions. Batch numbers are assigned to a specific set of journal entries for one specific procedure, meaning every transaction has its own batch number. They are assigned to each journal posting and data can be filtered and tracked based on these numbers.
- Due to in-depth journal posting, your journal report will increase in size considerably. You will still have the option to save the Journal report as a CSV file or a PDF to prevent excessive printing.
- Turning on the switch for ERRM will flag each record entered thereafter to be treated as an Enhanced Revenue Recognition order. Transactions made prior to the ERRM switch is turned on will be treated as they were previously and month-end summaries for those transactions will be posted to the journal at month-end.

Viewing the Journal-Additional Search Ability

This feature will also allow transactions to be viewed for a particular entry or multiple entries relating to one event or the entire group of events posted to the journal. To access this, click File, G/L, View Journal.

Stores	Act. Codes	Description
001	110	CHECKING*
002	111	DISCOVER CHARGE CARD
003	112	CHECKING-NEW
004	113	CHASE CHECKING
005	115	PETTY CASH
006	119	DIRECT DEPOSIT (FED) CLEARING
007	120	SAVINGS
008	121	RECEIPTS NOT DEPOSITED*
009	125	EMPLOYEE ADVANCES
010	128	A/R COC
011	129	A/R OUTLET STORE
012	130	ACCOUNTS RECEIVABLE*
049	131	A/R UNBILLED UNEARNED REV
050	132	RESERVE FOR BAD DEBT
066	133	MILL CLAIMS DUE*
067	134	INSTALLER HOLDBACK/ESCROW
069	135	CHECK BEING RETURNED
821	137	DEPOSIT ON INVENTORY
899	138	DDO PRT ON INVENTORY
	140	INVENTORY
	141	INVENTORY IN UNCOSTED
	142	WIP MATERIAL
	143	WIP LABOR
	144	WIP BILLING MATERIAL
	145	PREPAID INSURANCE
	146	PREPAID W/C DEPOSIT
	147	COG-%BILLING MATERIAL
	148	PREPAID P/R LIFE INSURANCE
	149	PREPAID DISABILITY INSUR
	150	PREPAID INTEREST
	151	PREPAID LICENSE
	152	
	153	ACC%/BILLING LABOR
	154	PREPAID TAXES
	155	PREPAID ADVERTISING
	156	INCOME TAX DEPOSIT
	157	NOTES RECEIVABLE
	158	SALES TAX DEPOSIT
	159	INVESTMENTS
	160	STOCKHOLDER'S ADV.

Transactions can be isolated and filtered according to various combinations of criteria including:

- Order Information –
 - Order #
 - Line #
 - Provider
- Sidemark
- Inventory Information
 - Roll #
 - Item Seq #
 - Bill of Lading #

Journal-Additional Fields Populated

The journal now records additional information for transactions related to orders not previously available. This information can be retrieved when generating the CSV output option

- Order Information –
 - Order #
 - Line #
 - Provider
- Sidemark
- Inventory Information
 - Roll #
 - Item Seq #
 - Bill of Lading #

TYPICAL BILLING EXAMPLE

Process	Debit	Credit
Post a Payment	Receipts Not Deposited	Payments received on or before the Bill Date will be debited from Customer Deposits Payments received after the Bill Date will be debited from A/R
Post a Deposit	Checking	Receipts Not Deposited
Receive Inventory	Inventory in Un-costed	Accrued Inventory for Costing
Cost Material	Accrued Inventory for Costing	Inventory In Un-costed
	Inventory	A/P
Print Delivery Ticket	Work in Process Material	Inventory
Bill the Sale	A/R	A/R Unbilled
Post Provider Records	Work in Process Labor	Accrued Labor
Book the Sale	A/R Unbilled	Work in Process Material
	Cost of Goods Material	Work in Process Labor
	Cost of Labor	Sales

Apply Payment

Apply a Payment - When a payment is applied to an order

Debit to Receipts Not Deposited

Credit to A/R or Credit Customer Deposits.

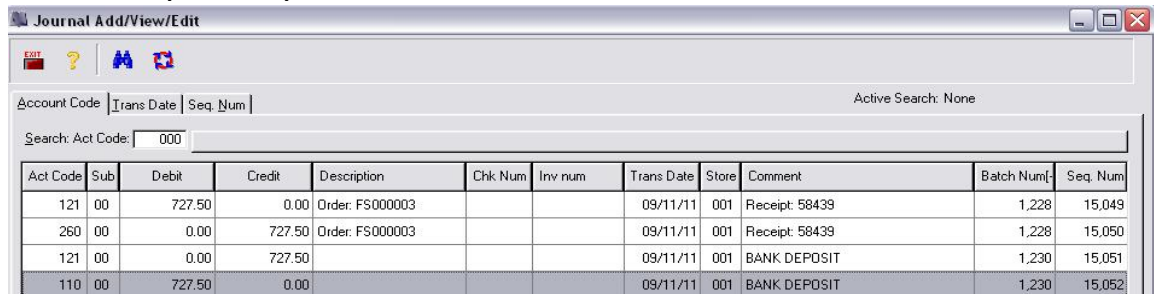
Sub	Debit	Credit	Description	Chk Num	Inv num	Trans Date	Store	Comment	Batch Num	Seq. Num
00	727.50	0.00	Order: FS000003			09/11/11	001	Receipt: 58439	1,228	15,049
00	0.00	727.50	Order: FS000003			09/11/11	001	Receipt: 58439	1,228	15,050

Post Deposit

Post Deposit - When a deposit is posted to banking for the payment received against this order

Debit to Checking

Credit to Receipts Not Deposited.



The screenshot shows a window titled "Journal Add/View/Edit" with a search bar set to "000". The journal entry table is as follows:

Act Code	Sub	Debit	Credit	Description	Chk Num	Inv num	Trans Date	Store	Comment	Batch Num	Seq. Num
121	00	727.50	0.00	Order: FS000003			09/11/11	001	Receipt: 58439	1,228	15,049
260	00	0.00	727.50	Order: FS000003			09/11/11	001	Receipt: 58439	1,228	15,050
121	00	0.00	727.50				09/11/11	001	BANK DEPOSIT	1,230	15,051
110	00	727.50	0.00				09/11/11	001	BANK DEPOSIT	1,230	15,052

Receive Material

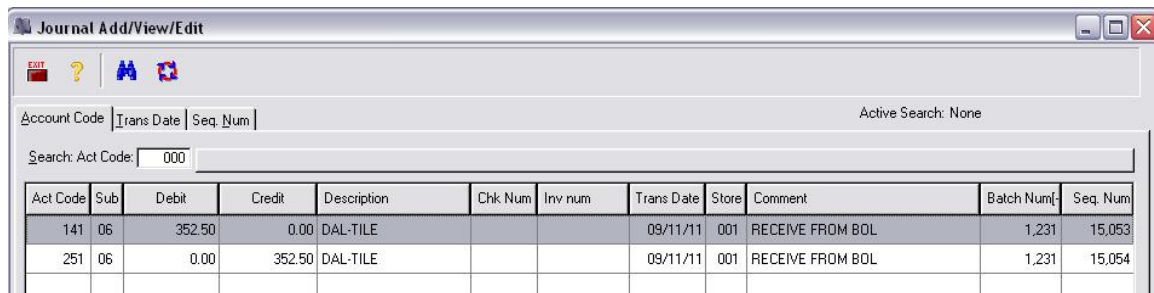
New Postings to the Journal

When using Enhanced Revenue Recognition, new postings will occur in your journal at the time of specific transactions (as noted above). The following example will walk you through the processes that now post to your journal in "real time".

1. Enter customer order as normal.
2. Generate a PO for the material on the order as normal, either from the Order line or through the Inventory Module.
3. Receive Material - Receive material into inventory as normal. Postings will occur in the journal showing a

Debit to Inventory in Uncosted

Credit to Accrued Inventory for Costing.



The screenshot shows a window titled "Journal Add/View/Edit" with a search bar set to "000". The journal entry table is as follows:

Act Code	Sub	Debit	Credit	Description	Chk Num	Inv num	Trans Date	Store	Comment	Batch Num	Seq. Num
141	06	352.50	0.00	DAL-TILE			09/11/11	001	RECEIVE FROM BOL	1,231	15,053
251	06	0.00	352.50	DAL-TILE			09/11/11	001	RECEIVE FROM BOL	1,231	15,054

Costing Material

Costing Material – Costing the material associated with the order will reverse the original entry made when the material was received and post the actual inventory value used from the invoice to the inventory account.

- Journal entries are posted showing:

**① Debit to Accrued Inventory for
Costing Credit Inventory In Uncosted**

**② Debit to Inventory
Credit to A/P.**

Journal Add/View/Edit

Account Code | Trans Date | Seq. Num | Active Search: None

Search: Act Code: 000

Act Code	Sub	Debit	Credit	Description	Chk Num	Inv num	Trans Date	Store	Comment	Batch Num	Seq. Num
251	06	352.50	0.00	DAL-TILE		876332	09/11/11	001	COSTING INVENTORY	1,229	14,767
141	06	0.00	352.50	DAL-TILE		876332	09/11/11	001	COSTING INVENTORY	1,229	14,768
140	06	352.50	0.00	DAL-TILE		876332	09/11/11	001	COSTING	1,230	14,769
201	00	0.00	352.50	DAL-TILE		876332	09/11/11	001	COSTING	1,230	14,770

Dates

When costing inventory if the invoice date is earlier than the date received the reversing entries to Inventory in un-costed and accrued Inventory for costing will be posted with the date received. Inventory and AP will be posted with the Invoice Date.

Example:

Invoice Date = May 31, 2010 Date Received = June 1, 2010.

Inventory received via Bill of Lading

Debit Inventory in Uncosted=May 31

Credit Accrued Inventory=May 31

Inventory Costed

Debit Inventory= June 1

Credit AP =June 1

Credit Inventory in Uncosted=May 31

Debit Accrued Inventory=May 31

Issue Picking Ticket

Issue the Picking Ticket - The next two steps consist of cutting the lines on the order and printing the Picking Ticket.

- No journal entries occur during these steps
- Material lines from their current status to a "Staged" status.
- Service lines will be put into "Delivered" status.

Original Order

Order # FS000003 | Store 001 | Order Date 09/11/11 | Daytime 555-111-2222

Sold To: LAST NAME, FIRST NAME
SOLD TO ADDRESS#1
SOLD TO ADDRESS#2
ANY TOWN, ST ZIPCODE
County: COUNTY

Ship To: SHIP TO LAST NAME, SHIP TO FIR
SHIP TO ADDRESS#1
SHIP TO ADDRESS#2
ANY TOWN, ST ZIPCODE
County: COUNTY

Sales Rep #1: CARL RODGERS | 100.00%
Sales Rep #2: | 0.00%

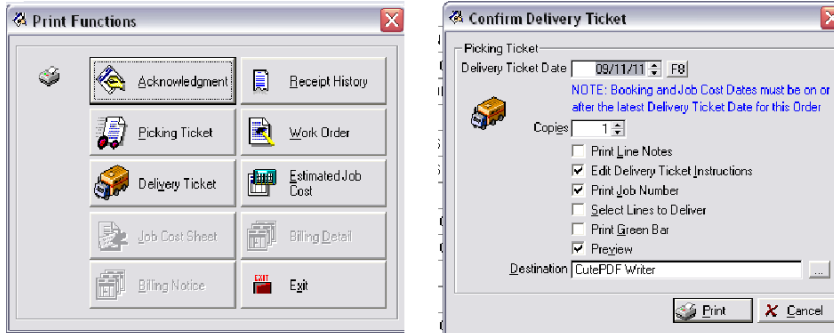
Time Slot: None

Tax Status: Taxable
PO Number: PO#
Status: ** No Status Specified **

Line #	Style	Product Code	Roll/Item Number	Color/Description	Status	Group
	5	06	52X12121P	GOLD RUSH FLOOR/WALL 12X12	CALIFORNIA SAND 5203	0'12" 0'12" 150.00 4.25 637.50 Staged
	5	86		TILE-INSTALL FLOOR PATTERNED (SEE		127.00 5.00 635.00 None

Print Delivery Ticket

Printing the Delivery Ticket – The Delivery Ticket is a new document available when you use Enhanced Revenue Recognition. It was designed to ensure that only inventory that has actually left the warehouse has been deducted from Inventory. It was also added so that when the warehouse has loaded the material, the lines can be selected and printed to reflect this activity.



Number	Group	Product Code	Roll/Item #	Style/Item	Color/Description	Width	Quantity	Units	Price	Change	Line Total	Status
0001	5	06-CERAMIC	52X12121P	GOLD RUSH FLOORWALL 12X12	CALIFORNIA SAND 5203	150.00	SF	4.25	0.00	637.50	Staged
0002		06-CERAMIC INSTALL	*UnRef	TILE 4NSTALL FLOOR PATTERNED (SEE D		127.00	SF	5.00	0.00	635.00	None

Page 1
09/11/11
7:37PM

Delivery Ticket

For: 09/11/11

Sold To LAST NAME, FIRST NAME SOLD TO ADDRESS#1 SOLD TO ADDRESS#2 ANY TOWN, ST ZIPCODE	Ship To SHIP TO LAST NAME, SHIP TO FIR SHIP TO ADDRESS#1 SHIP TO ADDRESS#2 ANY TOWN, ST ZIPCODE	Invoice FS000003
---	--	---------------------------------------

Customer Purchase Order: PO# _____ Daytime: 555-111-2222
 Sales Representative: CARL RODGERS

Code	Roll/Item No.	Width	Amount	Units	Location	Store	Sign
*Line # 0001	GOLD RUSH FLOORWALL 12X12/CALIFORNIA SAND 5203						
06	52X12121P		150.00	SF	LOCATION	001	_____

ID/Info: 15 SF-15PC /CTN
Run Lot: RUN LOT

Delivery Ticket Instructions _____

- Note that material stays in a reserved status on the inventory record until the Delivery Ticket has been printed.

Original Order

Order # **FS000003** Store **001** Order Date **09/11/11** Daytime **555-111-2222**

Sold To: LAST NAME, FIRST NAME
SOLD TO ADDRESS#1
SOLD TO ADDRESS#2
ANY TOWN, ST. ZIPCODE
County: COUNTY

Ship To: SHIP TO LAST NAME, SHIP TO FIR
SHIP TO ADDRESS#1
SHIP TO ADDRESS#2
ANY TOWN, ST. ZIPCODE
County: COUNTY

Sales Rep #1: **CARL RODGERS** 100.00%
Sales Rep #2: 0.00%
Time Slot: None

Tax Status: Taxable
PO Number: PO#
Status: No Status Specified

Line #	Style	Product Code	Roll/Item Number	Color/Description	Status	Group
5	06	52XX12121P	GOLD RUSH FLOOR/WALL 12X12	CALIFORNIA SAND 5203	Delivered	
5	86		TILE-INSTALL FLOOR PATTERNED (SEE		None	

- The process of printing the Delivery Ticket moves the line status from “Staged” to “Delivered” and creates journal postings. A journal entry will occur with a
 - Debit to Work in Process Material**
 - Credit to Inventory.**

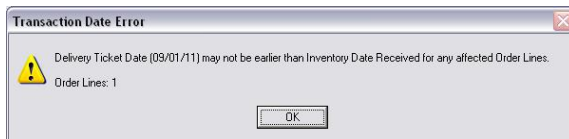
Journal Add/View/Edit

Account Code | Trans Date | Seq. Num | Active Search: None

Search: Act Code: 000

Act Code	Sub	Debit	Credit	Description	Chk Num	Inv num	Trans Date	Store	Comment(+)	Batch Num	Seq. Num
142	06	352.50	0.00	Order: FS000003			09/11/11	001	Delivery Ticket	1,232	15,055
140	06	0.00	352.50	Order: FS000003			09/11/11	001	Delivery Ticket	1,232	15,056

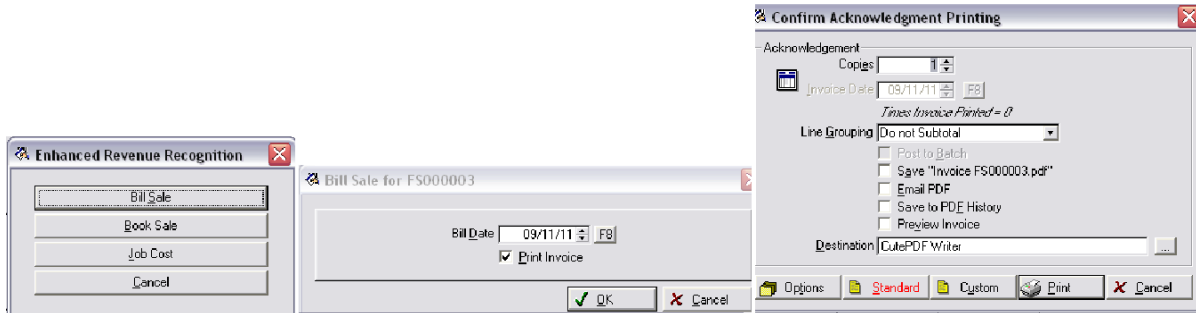
- The booking and job cost dates cannot be earlier than your delivery ticket date.
- The delivery ticket cannot be before the date received on the inventory record for the lines being delivered.
- Checks have been put in place so that if the Order Line's Delivery date is in a closed Journal period: The status cannot be changed manually; the option is grayed out.
- The line can also not be deleted



Bill the Sale (*if not able to job cost)

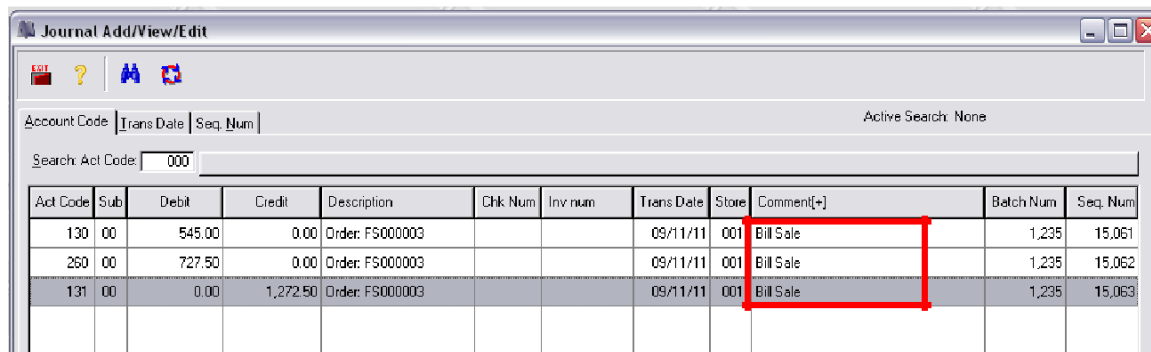
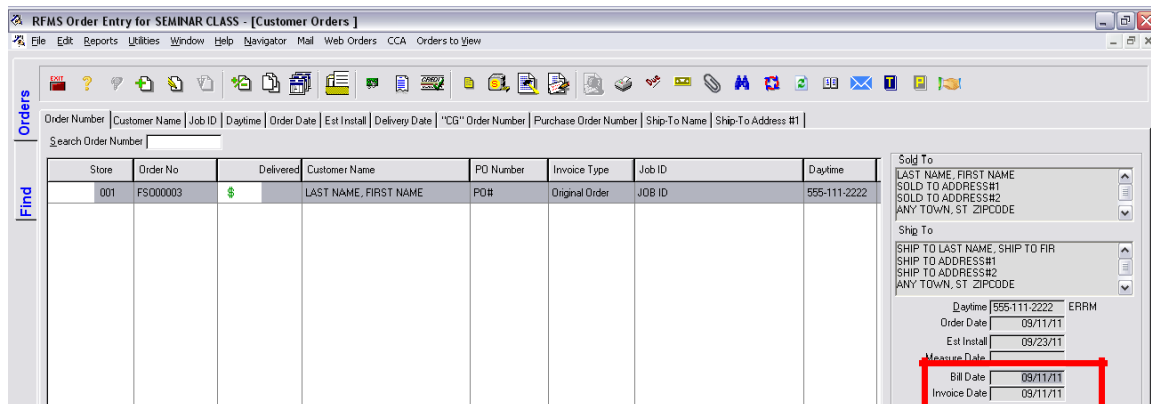
Bill the Sale - The next step is to Bill the Sale to get it recorded in Accounts Receivable

The purpose of the Bill Sale feature is so you can send the customer an invoice to collect money before any works has been done. You can bill the sale at any time. For example, there are times when a bill needs to be prepared for work not yet completed in order to receive payment in a timely manner. In other cases, a bill must be submitted to a contractor by the 15th of one month in order to ensure payment within 30 days of that original bill date. For either scenario, this function adds the billed amount to A/R and this amount shows up in all reports as money that needs to be collected. The offsetting entry is booked to A/R Un-Billed and will be reversed when the sale is Booked.



This option is located under the Job Cost icon.

- Once you have billed an order, RFMS will "lock" the line total
 - This is because once you have billed the order; the journal entries have been made for the amount of the order. Changing the order total without un-billing the order will result in the journal not balancing with subsidiary reports: Accounts Receivable and Unbilled Accounts Receivable.
- When you Bill a Sale there is a
 - Debit to A/R**
 - Credit to A/R Unbilled.**



Disabled Options for a Billed Order

If an order is billed but not booked or job costed then the line total will be grayed out. In order for the user to make any changes to the line total or grand total the user must UN-Bill the order.

Provider Records

Post Provider Records - Next in this example, Post Provider records to the order

When posting a provider record to this order, journal entries will

- **Debit Work in Process Labor**
- **Credit Accrued Labor.**

Act Code	Sub	Debit	Credit	Description	Chk Num	Inv num	Trans Date	Store	Comment(+)	Batch Num	Seq. Num
143	86	444.50	0.00	Order: CG101476			09/11/11	001	Provider	1,224	14,752
252	86	0.00	444.50	Order: CG101476			09/11/11	001	Provider	1,224	14,753

Print and Post Providers Earnings- Labor Suspense

When Print and Post Providers Earnings is selected the following transactions will be added to the journal by product code and store code

- Credit Accrued Labor**
- Debit Labor Suspense**

- It is recommended that the journal detail be run for the Labor Suspense account be run immediately after a check run in HR or when payable has been entered in A/P to ensure the Labor Suspense account reflects a zero balance
 - Variances after payments have been issued or during a payroll process should be investigated.

Act Code	Sub	Debit	Credit	Description	Chk Num	Inv num	Trans Date	Store	Comment	Batch Num	Seq. Num
119	00	0.00	6,865.49	PR-NET			09/11/11	001	PAYROLL Check	1,235	14,784
119	00	0.00	3,370.50	PR-NET			09/11/11	821	PAYROLL Check	1,235	14,785
134	03	0.00	219.57	PR-RETAINAGE			09/11/11	001	PAYROLL Check	1,235	14,786
210	00	0.00	2.02	PR-FICA TAX PAYABLE			09/11/11	001	PAYROLL Check	1,235	14,787
211	00	0.00	0.70	PR-MEDICARE WITHHELD			09/11/11	001	PAYROLL Check	1,235	14,788
227	00	0.00	0.38	PR-AZ SWH TAX			09/11/11	001	PAYROLL Check	1,235	14,789
298	00	7,088.16	0.00	PR-EARNING-PROV			09/11/11	001	PAYROLL Check	1,235	14,790
298	00	3,370.50	0.00	PR-EARNING-PROV			09/11/11	821	PAYROLL Check	1,235	14,791

Book Sale (*if not able to job cost)

Again, if possible, try to job cost the job. Since the Providers Earnings have been posted hopefully they are balanced, all the lines are in a delivered status and if the vendor invoices have been processed for materials then skip this step and proceed directly to job cost.

If the vendor invoices have not been processed, the job cost option will create a pop up notification indicating which order lines need to have material costed.

At this point, in ERRM, you can Book the Sale. Booking the Sales counts the sale and costs of the sale in the journal and will show on the corresponding financial statement. Click the Job Cost icon located on the toolbar to Book the Sale.

Confirm Book for Order Number FS000003

Parameters | Additional Commissions

Sales Rep #1
 Name: SALES REP1
 Commission Schedule: 001 - RETAIL | 100.00%

Sales Rep #2
 Name:
 Commission Schedule: | 0.00%

Job Cost Sheet
 Copies: 0 | Post to Batch:
 Unit to Print: Unit Gross Cost
 Print Commissions
 Preview Job Cost Sheet
 Destination: Microsoft>PS Document Writer

Invoice
 Print Invoice
 Copies: 1 | Post to Batch:
 Preview Invoice
 Destination: CutePDF Writer

Options: Standard | Custom

Enhance Revenue Recognition
 Un-Bill Sale
 Book Sale
 Job Cost
 Cancel

Provider:
 Transaction Date: 09/11/2011 | FB
 Provider Cost: 444.50 | **Balanced**
 Service Line Cost: 444.50
 Misc. Extra Cost: 0.00
 Comm. Base Reduc.: 0.00 | B
 Terms:
 Overhead Margin: 0.00% | (Material only)
 Discount Rate: 0.00%
 Due Date: | FB
 Tax Status: Taxable

OK | Cancel

RFMS Order Entry for SEMINAR CLASS - [Customer Orders]

Order Number | Customer Name | Job ID | Daytime | Order Date | Est Install | Delivery Date | "CG" Order Number | Purchase Order Number | Ship-To Name | Ship-To Address #1

Store	Order No.	Delivered	Customer Name	PO Number	Invoice Type	Job ID	Daytime	Night-Oth
001	FS000003	09/11/11	LAST NAME, FIRST NAME	PO #	Original Order	JOB ID	555-111-2222	555-333-4444

Sold To: LAST NAME, FIRST NAME
 SOLD TO ADDRESS#1
 SOLD TO ADDRESS#2
 ANYTOWN, ST ZIPCODE

Ship To: SHIP TO LAST NAME, FIRST NAME
 SHIP TO ADDRESS#1
 SHIP TO ADDRESS#2
 ANYTOWN, ST ZIPCODE

Daytime: 555-111-2222 | ERRM
 Order Date: 09/11/11
 Est Install:
 Measure Date:
 Bill Date: 09/11/11
 Invoice Date: 09/11/11
 Delivery Date: 09/11/11

Requirements

- All lines are required to be in a “Delivered” status and provider earnings must be balanced.
- If vendor invoices have not been posted for inventory, the sale will still be booked. The system will use the purchase order value to book costs of sales. Any differences will be settled at the time of Job Costing.

Line Status

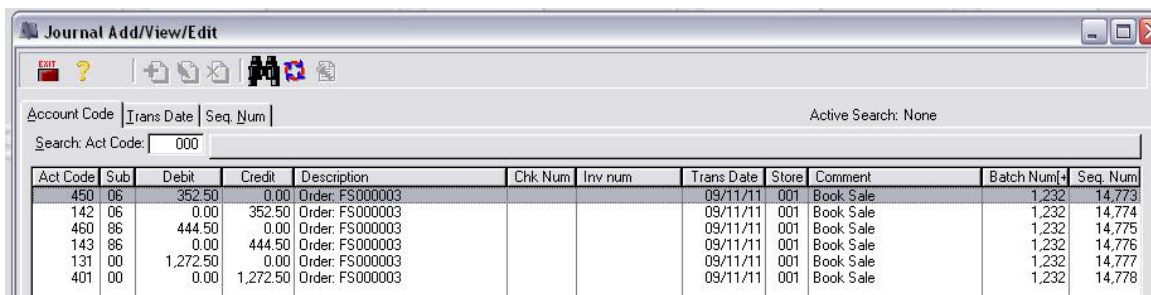
- When a Sale is booked, the line statuses change to Job Costed

Dates

- The Book Date (Transaction Date) cannot be before the Latest Delivery Ticket Date or Installation Date for Providers associated with Order.
- Delivered date displays next the order on the Customer Order screen.

The following journal entries will be made:

- 1 Debit to A/R Unbilled**
Credit to Sales
- 2 Debit to Cost of Goods Material**
Credit to Work in Process Material
- 3 Debit to Cost of Labor**
Credit to Work in Process Labor



The screenshot shows a window titled "Journal Add/View/Edit" with a search bar for "Act Code" set to "000". Below the search bar is a table with the following columns: Act Code, Sub, Debit, Credit, Description, Chk Num, Inv num, Trans Date, Store, Comment, Batch Num, and Seq Num. The table contains six rows of data:

Act Code	Sub	Debit	Credit	Description	Chk Num	Inv num	Trans Date	Store	Comment	Batch Num	Seq Num
450	06	352.50	0.00	Order: FS000003			09/11/11	001	Book Sale	1,232	14,773
142	06	0.00	352.50	Order: FS000003			09/11/11	001	Book Sale	1,232	14,774
460	86	444.50	0.00	Order: FS000003			09/11/11	001	Book Sale	1,232	14,775
143	86	0.00	444.50	Order: FS000003			09/11/11	001	Book Sale	1,232	14,776
131	00	1,272.50	0.00	Order: FS000003			09/11/11	001	Book Sale	1,232	14,777
401	00	0.00	1,272.50	Order: FS000003			09/11/11	001	Book Sale	1,232	14,778

Note: Sales Tax will be posted at the time a sale is booked. Sales and Use Taxes are posted to the Tax Report at the time a job is Booked. The system follows the same rules as before when calculating and reporting tax information.

Job Cost

Job Cost Order - Next, Job Cost the order Commissions are posted but there are no entries into the journal. Keep in mind that Un-Costed inventory cannot be job costed.

- Commissions are calculated at this point in time (although no journal entries are made) and it is important that all invoices have been processed or inventory has been costed to ensure final costs are reflected.
- Commissions are posted to the commission report and are not included in the journal postings at the time of Job Cost. The system follows the same rules and procedures as previous for commission calculation and posting.

Dates

- The Close Date of this job is posted
- Booking and job cost dates cannot be earlier than the delivery ticket date.
- If job costing is back dated to reflect the actual close date of the job, make sure to also run the delivery ticket for that same date or earlier.
- The Transaction Date cannot be before the Delivery Ticket Date, the Latest Installation Date for Providers associated with Order, or any materials invoice date.

Control Job Cost for Order Number FS000003

Parameters | Additional Commissions

Sales Rep #1
Name: SALES REPS
Commission Schedule: RETAIL (100.00%)

Sales Rep #2
Name:
Commission Schedule: (0.00%)

Job Cost Sheet
Copies: 1
Unit to Print: Unit Green Cost
 Print Commissions
 Preview Job Cost Sheet
Destination: Microsoft XPS Document Writer

Invoice
 Print Invoice
Copies: 1
 Preview Invoice
Destination: CutePDF Writer
Buttons: Uploads, Standard, Cytosin

Printer:
Transaction Date: 09/11/2011
Printer Cost: 444.50
Service Line Cost: 444.50
Misc. Extra Cost: 0.00
Control Date Factor: 0.00
Overhead Margin: 0.00% (Material only)
Discount Rate: 0.00%
Due Date:
Inv Status: quote

Buttons: OK, Cancel

Sold To
LAST NAME, FIRST NAME
SOLD TO ADDRESS#1
SOLD TO ADDRESS#2
ANYTOWN, ST ZIPCODE

Ship To
SHIP TO LAST NAME, FIRST NAME
SHIP TO ADDRESS#1
SHIP TO ADDRESS#2
ANYTOWN, ST ZIPCODE

Regime: 555-111-2222 ERRM
Order Date: 09/11/11
Est Install:
Measure Date:
Bill Date: 09/11/11
Invoice Date: 09/11/11
Delivery Date: 09/11/11
Close Date: 09/11/11

Enhanced Revenue Recognition

Un-Bill Sale
Un-Book Sale
Job Cost
Cancel

PERCENTAGE BILLING

Percentage billing allows the recognition of an estimated portion of a job to be realized regardless of the actual status of material and labor. Using percentage billing follows all the basic rules of job costing with the exception of suspending the cost of goods sold expenses in two standard account codes. These two special accounts are reversed at final billing.

1

WIP % Billing Material (Contra-Asset)

At the time the % Billing Order is job costed, this account receives a credit for the estimated material expense. The amount is reversed at the time of final billing of the billing group. Until that time, this amount will appear on the Month End Inventory Balance Report. This account is typically located in the asset section of the balance sheet, although it will typically have a credit balance.

2

Cost of Mat % Billing (COGS)

At the time the % Billing Order is job costed, this account receives a debit for the estimated material expense. The amount is reversed at the time of final billing for the billing group. This account is typically located in the cost of goods sold section of the income statement.

3

Acc % Billing Labor (Liability)

At the time the % Billing Order is job costed, this account receives a credit for the estimated labor expense. The amount is reversed at the time of final billing for the billing group. This account is typically located in the asset section of the balance sheet, although it will typically have a credit balance

4

.Cost of Labor % Billing (COGS)

At the time the % Billing Order is job costed, this account receives a debit for the estimated labor expense. The amount is reversed at the time of final billing for the billing group. This account is typically located in the cost of goods sold section of the income statement.

Note when job costing a percentage order in percentage partial billing only these entries are made. The balance of the entries are made when the full order is jobcosted.

Debit AR

Debit and Credit AR unbilled

Credit Sales

ADDITIONAL MONTH END REPORTS

Accrued Inventory: This report will balance to the Accrued Inventory standard account code. This report is updated when material is received from a bill of lading. The material then comes off of the report when the material is costed.

Accrued Labor: This report will balance to the Accrued Labor standard account code. This report is credited when a provider record is posted and debited when the Print and Post Providers report is run. The record comes off the report when the provider record has a date paid.

Un-Billed AR: This report will balance to the A/R Unbilled standard account code. This report is updated when an order is billed. The invoice comes off the report when the order is booked or jobcosted.

WIP Material: This report will balance to the WIP Material standard account code. This report is updated when a delivery ticket is printed and lines are now in a delivered status. The figures drop off this report when the order is booked or jobcosted.

As of version 10.6 if material was used on a percentage billed order the amount posted to the WIP Material % Billed account code shows on the report. It is also sub-totaled.

Page No: 1		Month End WIP Material									
09/03/10		Through: 09/30/10									
03:43PM											
Inv Num	Line	Sold To	BLGp	CO Number	Order Date	Est Del Date	Del TX Date	PC	Roll/Item#	Seq No	Amount
State: Combined											
C000067	1	CONTRACTORS, INC			06/00/10		06/06/10	01	072910-3	0	360.00
C000087	1	CONTRACTORS, INC			08/06/10	08/31/10	08/06/10	04	C3014	1	29.70
C0900212	1	SCOOP, JASON	BILLING GROUP FOR INVOICE C0900212		12/09/09		12/09/09	01	SC0001	0	133.33
C0900204	1	VANTAGE ARCHITECTS			11/22/09		11/22/09	01	SC0001	0	133.33
C0900216	1	WINWOOD, RON			12/12/09		12/14/09	00	36226	2	320.00
											14,000.000
Percentage Billed											
C0900212	5	SCOOP, JASON	BILLING GROUP FOR INVOICE C0900212		12/09/09		12/09/09	09		0	-1,366.04
C000040	1	SMITH CONSTRUCTION, INC.	BILLING GROUP FOR INVOICE TLW-10	KLA/LIFE SKILLS	06/07/10		06/07/10	09		0	181.82
TLW-10	23	SMITH CONSTRUCTION, INC.	BILLING GROUP FOR INVOICE TLW-10	KLA/LIFE SKILLS	06/07/10		06/07/10	09		0	-181.82
											14,000.000
Percentage Billed											

WIP Labor: This report will balance to the WIP Labor standard account code. This report is updated when a provider record is posted. The record comes off the report when the provider record has a date paid. (The user must run print and post providers.)

The cost used on inventory reports is the gross cost from inventory history, as the current cost may have been updated and will not match back dated reports.



Standard Account Codes Worksheet

Enhanced Revenue Recognition has several additional Standard Account Codes added to the system. Listed below are all new account codes and their account type (asset, liability, etc). You will need to associate the appropriate account code from your Chart of Accounts with the newly added Standard Account Codes below.

Account Code	Account Code Type	Account Code
Receipts Not Deposited	Current Asset	
A/R Unbilled	Current Asset	
Inventory In Uncosted	Current Asset	
Work in Process Material	Current Asset	
Work in Process % Billing Material	Current Asset	
Work in Process Labor	Current Asset	
Cost of Labor % Billing	Current Asset	
Accrued Inventory for Costing	Current Liability	
Accrued Labor	Current Liability	
Labor Suspense	Current Liability	
Accrued % Billing Labor	Current Liability	
Cost of Labor	Cost of Sales	
Cost of Material	Cost of Sales	
Cost of Material % Billing	Cost of Sales	

ERRM Transactions Chart

Account Code	Account Type	Typical Offsetting Account	Function
Receipts Not Deposited	Current Asset	Customer Deposit / AR	<ul style="list-style-type: none"> ① Receipt Posted ② Deposit Not Entered
A/R Unbilled	Current Asset	AR	<ul style="list-style-type: none"> ① Invoice has been sent to client ② AR aging has started, but revenue recognition has not occurred
Inventory In Uncosted	Current Asset	Accrued Inventory	<ul style="list-style-type: none"> ① Material received. ② Invoice has not been processed from the vendor.
Work in Process Material	Current Asset	Inventory / Cost of Material	<ul style="list-style-type: none"> ① Delivery Ticket has been issued. ② Material is on job site
Work in Process % Billing Material	Current Asset	Cost of Material % Billing	<ul style="list-style-type: none"> ① Projected material amount to be on job site ② Generate during % billing routine
Work in Process Labor	Current Asset	Accrued Labor / Cost of Labor	<ul style="list-style-type: none"> ① Providers earnings have been entered on the order
Accrued Inventory for Costing	Current Liability	Inventory in Uncosted	<ul style="list-style-type: none"> ① Material received. ② Invoice has not been processed from the vendor.
Accrued Labor	Current Liability	WIP Labor	<ul style="list-style-type: none"> ① Providers Earnings have been entered on the order
Labor Suspense	Current Liability	Accrued Labor	<ul style="list-style-type: none"> ① Clearing account that is posted when Providers Print & Post Earnings is run. The offsetting entry will be made to Accrued Labor ② When check is issued it should be applied to Labor Suspense to clear out the posting
Accrued % Billing Labor	Current Liability	Cost of Labor % Billing	<ul style="list-style-type: none"> ① Projected labor to have been used on the job but not yet entered in Providers. Generate during % billing routine
Cost of Labor	Cost of Sales	WIP Labor	<ul style="list-style-type: none"> ① Book Order-Revenue recognized with associated labor costs for the order
Cost of Material	Cost of Sales	WIP Material	<ul style="list-style-type: none"> ① Book Order-Revenue recognized with associated cost material cost (can be PO Value or confirmed Inventory Value)
Cost of Material % Billing	Cost of Sales	WIP % Billing Material	<ul style="list-style-type: none"> ① Job cost % billing order .Projected material amount to be on a jobsite.
Cost of Labor % Billing	Cost of Sales	Accrued % Billing Labor	<ul style="list-style-type: none"> ① Job cost % billing order Projected labor amount to be on a jobsite.

**No journal entries are made for commissions posting or Sales/Use tax postings

Comments in Journal

I see there are new comments in my journal, what do they mean?

Costing Inventory	This accounts payable invoice was added through the costing function in the Inventory module.
ADD PAYABLE	This accounts payable invoice was added through the accounts payable module. This entry in the Inventory account typically indicates mis-coding as all inventory transactions should be processed through the costing function in Inventory.
Delivery Ticket	The Delivery Ticket has been printed from Order Inventory indicating the inventory has physically left the warehouse.
Line Un-Delivery	A user has changed the status on a particular line from Delivered indicating that the material is physically in the warehouse.
EDIT PAYABLE	User has edited accounts payable invoice AFTER inventory costing
Line PO Cost Adjust	If PO Cost Changes and Line Status is DELIVERED, WIP Material/Cost of Sales is charged for the difference
Void Payable	The indicated invoice has been voided in the Accounts Payable Module
MONTH END SUMMARY	Pre-ERRM transactions. Details will be printable from Print Journal Information found in the journal close routine.
Book Sale	Indicates the book sale functions has been selected, typically indicating completion of the job.
Bill Sale	Bill Sale function has been selected, creating an accounts receivable.
Un-Book Sale	Reversal of the Booking function.
Un-Bill Sale	Reversal of the Billing function.
Provider	Provider record has been added to an order
Provider Move	Provider record has been moved from one order to another