PVBS **Govt. Contracting, Dynamics 365 Operations**

Implementing Dynamics 365 Operations for Govt. Contractors
PVBS

Contents

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Background

The government contracting module for Microsoft Dynamics 365 operations was developed using a methodology that incorporates industry knowledge and best practices. It is essential that the user understands and abides by the guidelines set forth to ensure the system is used effectively and abides by all FAR/CAS government regulations for DCAA system audits/reviews. We will start below by describing how the Chart of Accounts and Financial Dimensions are used by the system.

Setups

Project Management and Accounting

Ledger Posting Setup

The Leger Posting Setup is a Base Dynamics setup and is very rarely used for Govt. Contracting logic. It is mentioned in this documentation as part of the Main Account rules. Refer to DYNAMICS documentation for further explanation.

Category Groups

Category groups, group cost categories and is part of the posting search sequence to determine the ledger account. Government contractors typically have the following groups, although there may be others.
Note: Only one category group may exist for hour transactions. This is primarily due to the fact that labor categories can only belong to one category group in Dynamics.

A category group would be created for each of the following:
- Labor (transaction type = hour, valid for = labor)
- Materials (transaction type = Expense, cost account = material ledger account)
- Travel (transaction type = Expense, cost account = travel ledger account)
- Subcontract (transaction type= Expense, cost account = non-labor subcontract accounts)
- Other (transaction type = Expense, cost account = other direct cost ledger account)
- Burden (transaction type = Expense, valid For = Burden)
- Fee (transaction type = Fee = Fee, additional fee for services or material)

To navigate to Category Groups:
Project management and accounting→Setup→Categories→Category Groups

Category Group: Name the category group.

Transaction Type: Identify the type of transactions for this group.

Options are:
> **Fee**
> **Hour**
> **Expense**
> **Item**

Valid for: Valid for allows for the GC module to track the posting similar to transaction type.

Options are:
> **Labor:** Allows postings to time entry. Set this when transaction type is hour
> **Expense:** Allows postings to expense reports, purchase orders, and purchase invoices. Set this for all non-labor costs.
> **Burden:** Allows postings to indirect costs during allocation. The Dynamics transaction type is expense
> **Fee:** Allows postings to sales orders and sales invoices. The Dynamics transaction type is fee

Category group name: Description of your category group.

Cost: Identify the g/l account that the cost for this group should post to.

Invoice Revenue: Identify the g/l account that the revenue for this group should post to.

Where Used: This is used during invoice posting.

Accrued Revenue-Sales Value: Identify the g/l account that is credited when recognizing revenue.

Note: During the invoice posting process, the revenue accrued is reversed.

WIP-Sales Values: Identify the g/l account that is debited when recognizing revenue.

Note: See project posting for more information on how the above g/l accounts post from projects to general ledger

Category Group Worker Class

The category group worker class setup table is used in conjunction with the category group and allows the user to override the g/l account based on a category group and the class code on a worker. This feature may be used to map workers to a client site g/l account or to cover scenarios where it is necessary to map workers to different labor accounts based on full, part-time, or consultant and sub-contractor classification. The setup also allows you to map different g/l accounts based on pay type.

Where Used: This is used when posting labor using the time journal, or subcontract labor using a purchase order.

To navigate to the Category Group Worker Class Setup: Project management and accounting→Setup →Categories→Category Groups→Category Group Worker Class

Worker Class Code: Identify the worker class that you are setting up.

Pay Type: Identify the pay type that you are setting up.

Cost Account: Identify the g/l account to use for the category group, worker class, and pay type selected.

Payroll Account: Identify the alternate payroll allocation g/l account, if applicable.

Project Categories

Project Categories are used in the search posting sequence to select the general ledger account. In the GC methodology, categories related to burdens will have their cost account selected (valid for = burden).

Labor categories (direct and sub-contract labor) are used to setup billing rates (sales price). All labor categories are setup under the category group labor.

Categories under the other types (Materials, Travel etc.) mirror the g/l account to post the transaction to and are setup as needed. For example, the travel category group could have a g/l account for per-diem, one for lodging and another for meals. This would be setup using three separate project categories with the cost account for each set to the appropriate g/l account

Note: Project categories that represent labor (hour transactions) will not use the cost account. In the government contracting methodology labor accounts are typically setup at the category group level. Also see category group worker class for information on how to set up labor cost account for clients with a specific account for full/ part time worker or client site, company site labor.

To navigate to Project Categories:
Project management and accounting→Setup→Categories→Project Categories

Category ID: Identify the shared category.
Category Name: The category name will prefill per your category ID selection.
Use in Expense/Production check box: Select the checkbox if applicable.
Category: The category will prefill per your category ID selection.
Category group: Identify the category group that the project category belongs to.
Category name: The category name will prefill per your category ID selection.
Transaction type: The transaction type field will prefill per your category group selection.
Active in journals: This should be selected if the project category should be available to charge to.

Project Group

The project group is one of many ways to setup the ledger account that the system uses when posting. The project group setup allows you to group projects for the purpose of revenue recognition and reporting. The project group is also one of the sequences the system evaluates in the project posting process (see project posting).

To navigate to the Project Group Setup:
Project management and accounting→Setup→Posting→Project Groups

Project Group: Name the project group.
Name: Description of the project group.
Where Used: This is used on the project card.
Project Type: Identify the project type for the project group.
Cost Account: Identify the G/L account that the cost for this group should post to, if applicable.
Best Practice: Update the cost account for "B&P" projects to be the "B&P" labor account in you main accounts. In most cases the setting up of a Payroll allocation account is needed to identify the Payroll Accrued (offset) for the Hours Journal
Search priority: It is important the search priority field is set to "project" for all project groups. This will ensure that B&P/IR&D project labor and other expense costs go to the correct account, all other types of Project Groups will use other Cost Accounts in a Category Groups. Revenue and WIP accounts may be required.
Note: Revenue and WIP sales accounts can be setup and associated to the project group if needed.

Project Group Worker Class

The project group worker class setup table is used in conjunction with the project group and allows the user to override the g/l account based on a project group and the class code on a worker. This feature may be used to map labor to a G/L account based on the project group. Ex: B&P labor associated with subcontractors can be posted to the B&P subcontract labor account using the appropriate worker class.
Where Used: This is used when posting labor using the time journal or subcontract labor using a purchase order.

To navigate to the Project Group Worker Class Setup:
GCX→Project management and accounting→Setup→Posting→Project Groups→Project Groups

Worker Class Code: Identify the worker class that you are setting up.
Pay Type: Typically left blank at this level, it can be used to track cost by pay type
Cost Account: Identify the g/l account to use for the project group, worker class, and pay type selected.
Payroll Account: Identify a payroll allocation account, if applicable.

Project Contract Type

The project contract type table is used to create contract types for contracts awarded. Contract type's use a standard DYNAMICS setup that incorporates high level rules for a project cost and billing. It is important to note the contract type is not a final parameter for billing rules these are enforced using the Billing Formula (see page 14.)
Notes:
Some Types are not specific to a Govt. Contractor's rules for FFP.
The contract type will print on reports including the sales invoice.

To navigate to the Project Contract Type Setup:
Project management and accounting→Setup→Project→Project Contract Type

Edit   + New   🗑 Delete   OPTIONS   🔎

Click the edit button to make changes.

Project contract type

🔎 Filter

Project contract type	Description	Project type
bp	bid and proposal	Cost project
CPFF	Cost plus fixed fee	Time and material
FFP	Firm fixed price	Time and material
Indirect	Indirect	Cost project
IRD	Internal research and developm...	Cost project
TM	Time and materials	Time and material

Project Contract Type: Name the contract type.
Description: Description of the contract type.
Project Type: Identify the project type. This directs DYNAMICS how calculations for project cost are posted.
Project Contract Type Options are:

Time and Material: Time-and-material projects are invoiced as work progresses based on the consumption of hours, expenses, items, or fees on the project
Fixed-price: Fixed-price projects are for projects that are invoiced according to a billing schedule based on the project contract
Investment: This is not used by Govt. Contracting Module
Cost project: Used to track cost for non-direct cost, examples of this type is Overhead, General Administration, and Fringe (PTO, HOL)
Internal: Used to track cost for non-direct, same as cost project
Time Project: This is not used by Govt. Contracting Module

Project Account Group

The project account group is used to override the g/l account assigned to a project category. It also allows you to restrict a project to project categories selected.
Ex: For B&P projects this feature can map the project category "Lodging" to a lodging account in the B&P section of your chart of accounts. This overrides the default direct cost account on the project category.

To navigate to the Project Account Group Setup:
GCX→Project management and accounting→Setup→Project→Project Account Group

✎ Edit   ➕ New   🗑 Delete   ACTIONPANETAB   OPTIONS   🔍

Click the edit button to make changes.

Project account group details

🔍 Filter

Account grou... ↑	Description
BP IRD	B&P and IRD
Direct	Direct cpff and ffp
Direct TM	Direct time and materials
Indirect	Indirect
PTO	Paid time off

Account Group ID: Name the project account group.
Description: Description of the project account group.
Note: Select Details in the ribbon to assign a cost account to your project account group.

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Set Up Posting of Cost and Revenue to General Ledger

There are 5 areas where 'DYNAMICS' provides functionality that lets a user configure what G/L (main account) is used when posting a transaction. The Setups below are listed in the sequence in which they are determined.

How DYNAMICS determines the Main Accounts during posting: Below is a visual of how Main Accounts are determined according to setups:

Below is a list of the rules for determining the Main Accounts followed by a snap shot of each field:

1 – Ledger Posting Setup is the main screen where all setups are maintained. The setup screen may be used for Overhead and G&A Labor projects only post to 1 account (labor.)

Ledger posting setup

COST ACCOUNTS | REVENUE ACCOUNTS

Ledger account types

Cost

✓	Valid for	Project relation	Funding source	Valid for	Category relation	Main account
	All			Group	Subcontrac	5440
	All			Group	Travel	5200
	Table	PTO		All		2410
	Group	BP IRD		All		8810

2 – Project Account Group – The project account group setup is typically used for B&P, IR&D, Indirect the project account group the project account group bypasses Main Accounts defined in the project category.

3a – Project group, worker class code - This set is available from the Project Group ribbon. This setup is where you can select the labor cost account by worker for example: subcontractor labor.

4 – Project Group – The project group is next in the GL account search. It is common for this set up to map to a labor account for projects such as B&P, IR&D and indirect projects.

Project Group

5 – Project category – The project category is searched next and is used to setup cost accounts on non-labor categories.

Project Category

5a – Category Group - The category group is next in the GL account search. It is common for this set up to map to a labor account for projects such as B&P, IR&D and indirect projects.
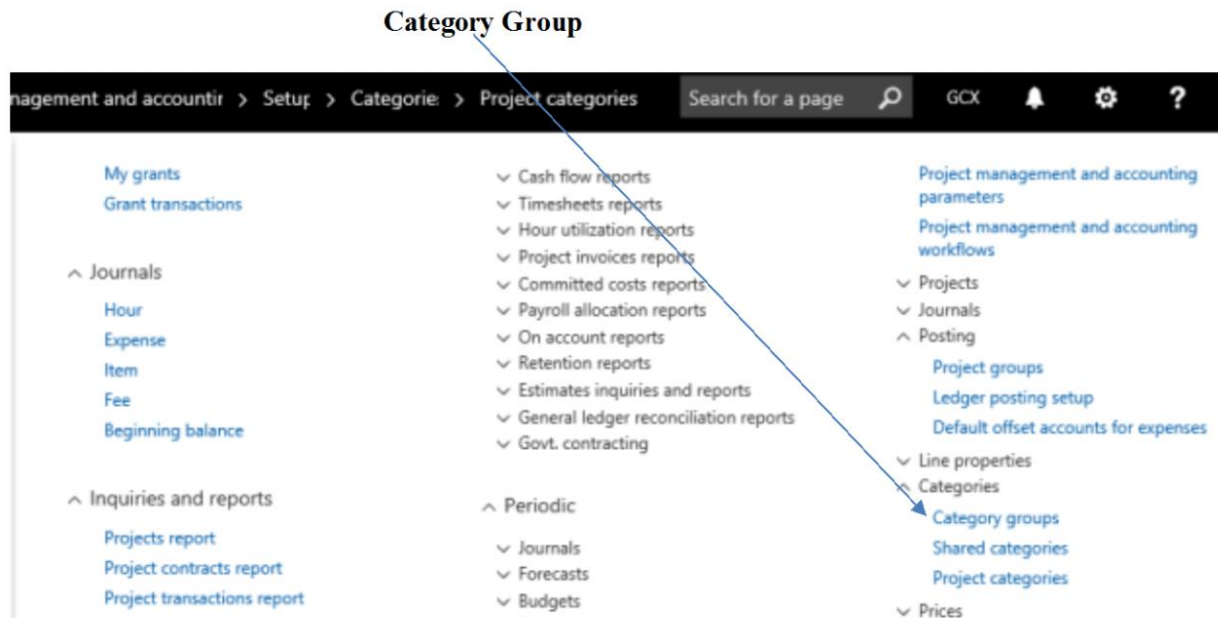
Category Group

7 – Category group – This is the 2 of 2 setups discussed in the category group. It allows users to define Main Accounts for cost based on a Group of Project Category, for example Project Category Airfare is part of a group of cost categorized as "Travel".

When posting cost (labor, expense or burdens) the "cost account" field is used. If a cost account is setup on the project it is used. If one is not supplied on the project, the project account group is searched for a cost account. This continues until a cost account is found.

It is rare Revenue is defined at this level. Most revenue is captured at the Project Group as most types of categories will post to a single revenue account.

Account Set

Account sets are used to define a range of accounts that are used in multiple set ups in DYNAMICS. They are a direct relation to Main Accounts.

Below is an overview of common setups where and how accounts sets can be used:

Type of Account Set	Main Accounts	Where Used	Actions
Account	80000 thru 89999	G&A Pool - Cost Pool	Set will be used to determine the cost pool during allocation
Account	50100	Direct Labor - Billing Formula	Set will be used determine the burden rate when billing

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Note: These are a few scenarios where used by the Govt. Contracting setups. Changes and additions to the sets can be made to accommodate many scenarios.

Accessing Account Set in Setups

To navigate to account set:
Project management and accounting→Setup→Cost pool setup→Cost pool→Cost pool account set

Name: Name the account set.
Description: Short description of the account set.
Effective: The date that the account set will be effective.
From Account: Identify the starting g/l account number in the account set.
To Account: Identify the ending g/l account number in the account set.
Note: Multiple lines can be used for breaks in the account set.

Department Set

The department set is used to set a range of departments that is then assigned during allocation setup.
To navigate to department set:

GCX→Project management and accounting→Setup→Cost pool setup→Cost pool→Department set

Name: Name the department set.
Description: Short description of the department set.
Effective: The date that the department set will be effective.
From Department: Identify the starting g/l account number in the department set.
To Department: Identify the ending g/l account number in the department set.
Note: Multiple lines can be used for breaks in the department set.
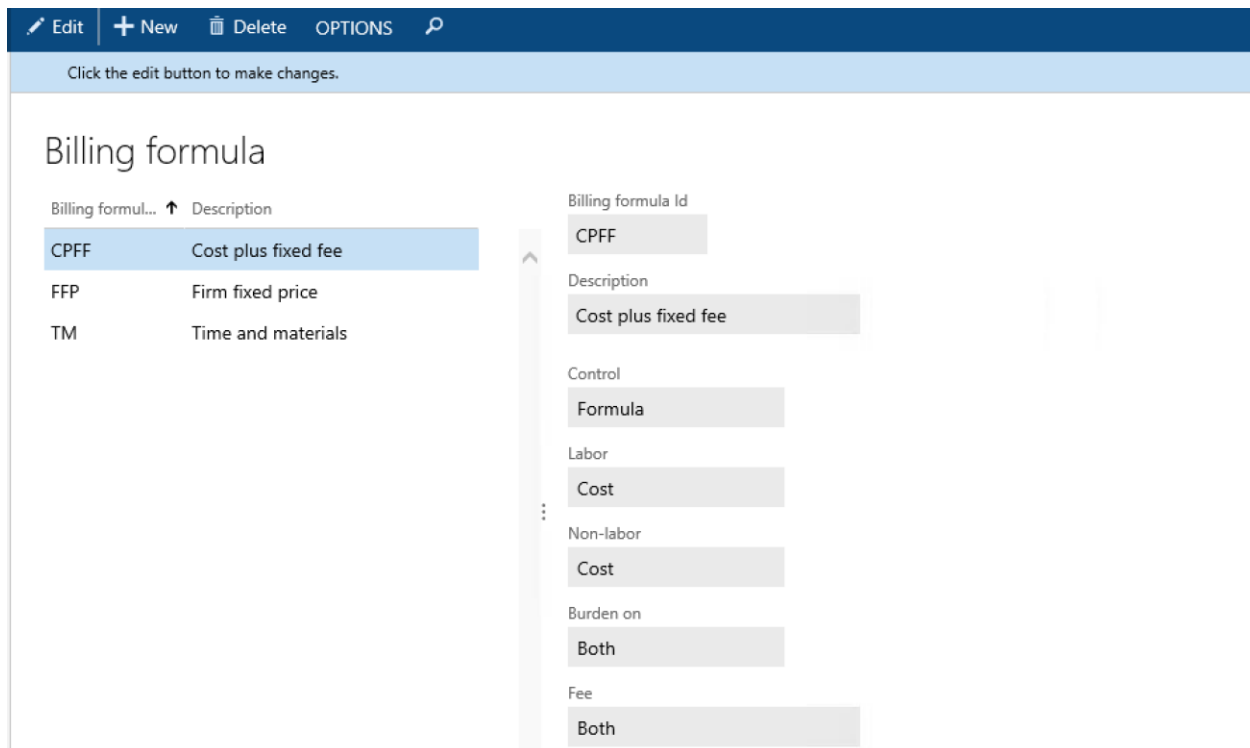
Billing Formula

The billing formula allows a user to configure the elements that are charged on an invoice. With the billing formula setup you can configure how labor and non-labor is invoiced, if burdens are calculated and if fee is charged on the invoice.

For labor and non-labor you can configure the formula to invoice based on cost or sales price. If sales price is selected the labor category rate will be used. Burden and fee calculations are configurable themselves. See billing pool group and fee percent setup below.

To navigate to the Formula List:
GCX→Project management and accounting→Setup→Billing Setup→ Billing Formula

Billing Formula ID: Name the formula.
Description: A short description of the formula.
Control: This field controls what the revenue recognition routine will do with the formula setup.
Options are:
> **Disabled:** Revenue recognition will skip this formula if selected.
> **Formula:** The system will use the subsequent fields to create a formula to calculate billings.

Labor: Select how you would like the formula to calculate labor postings.
Options are:
> **None:** This is selected if labor transactions are not invoiced.
> **Cost:** This is selected if labor transactions are invoiced at cost.
> **Sales Price:** This is selected if labor transactions are invoiced at the sales price.

Non-Labor: Select how you would like the formula to calculate non-labor postings.
Options are:
> **None:** This is selected if non-labor postings should not be calculated in the formula.
> **Cost:** This is selected if non-labor should be calculated and invoiced at cost.

Sales Price: This is selected if non-labor should be calculated and invoiced at sales price.

Burden On: Select how you would like the formula to calculate indirect costs.
Options are:

    None: This is selected if indirect cost postings should not be calculated.
    Labor: This is selected if indirect costs should be calculated for labor postings only.
    Non-Labor: This is selected if indirect costs should be calculated for non-labor postings only.
    Both: This is selected if indirect costs should be calculated for labor and non-labor postings.

Fee: Select how you would like the formula to calculate fees.
Options are:

    None: This is selected if fees should not be calculated.
    Labor: This is selected if fees should be calculated for labor postings only.
    Non-Labor: This is selected if fees should be calculated for non-labor postings only.
    Both: This is selected if fees should be calculated for labor and non-labor postings.

Where Used: This is used on the project card and the task card.
Note: The amount MTD/YTD/ITD fields require a fee amount setup on the project task card. If the selection is zero on the project task card the invoice will create a negative line for the fees that should be invoiced.

Billing Pool Group

The billing pool group allows you to configure how burdens are calculated for a project. This is where you setup pools (e.g. Fringe, OH, G&A) and assign account set and department sets to pools which represent the base. A user has the option to have the Project default to the company-wide billing base or create a specific billing group for the project. This allow users the flexibility to calculate invoice burdens differently for projects where cost or material are not burden.

Note: The billing group impacts how cost are burden when billed. It does not control allocations of indirect cost to a project. Although a cost may not be burden for invoicing the monthly allocation process in Govt. Contracting still applies indirect cost.

What determines the billing group?

Set-up	Used For	Examples
Cost Pool	Determines the sequence used in billing Project Cost	
Account Set	Identifies the Accounts used for billing for each cost pool	Fringe would use an account set that is labor based main accounts
Dept. Set	Identifies a set of Depts. for billing	typically used when labor is posted to the same Main Account and a department designates if the labor is Client or Govt. Site
Company-Wide	Used when the billing group follows the company-wide base for all Cost pools	

To navigate to the Billing Pool Group Setup:
Project management and accounting→Setup→ Govt. Contracting→Billing Pool Group

Pool ID: Identify a pool ID for your billing pool group.
Name: Name the billing pool group.
Setup equals cost pool: This is selected if the billing pool setup corresponds to the cost pool indirect calculation. This is an information field only.

Select **Billing Pool** to open the billing pool setup screen and setup your pools.

Sequence: The next consecutive pool number available globally will be auto-generated.
Name: Name the indirect cost type that you are setting up.
Department Set Name: Identify the department set that the system should calculate these burdens for.
Cost Pool for Provisional Rate: Identify the cost pool that the system should use to calculate the provisional rate for indirect postings.
Category: Identify the project category that the system will use for the entry posted. If this field is left blank, the project category from the cost pool provisional project category will be used.

Select an indirect pool and click **Base Formula** to configure the formula that will be used.

Formula type: This field selection determines if the line is being used to determine the account set or to identify other billing pools costs that should be included in the calculation and the sequence that should be used.
Options are:
  Account Set: This is selected when you are defining the account set for the base.
  Billing Pool: This is selected when identifying another billing pool that has costs that should be included.
Billing account set: A drop down will be displayed and populated with the companies account sets if account set is selected in the formula type field.

Billing pool: A drop down will be displayed and populated with the company pools if billing pool is selected in the formula type field.

Fee Setup

The fee setup table allows you to configure how fee is calculated for an invoice. You can are allowed unlimited fee setups but generally you will only need a few because they can be used by any Project you set up. Fees are applied based on 2 main set ups: Account Set and Fee Percent. This set up is commonly used by Govt. Contractors to determine Fees applied to Direct Labor, ODC and Other types of cost. There are time when a Project will not allow Fees on certain Sub Types (for example Material) but are applied to other types.

To navigate to fee setup: Project management and accounting→Setup→Govt. Contracting →Fee Setup

Select **New** to create a new fee percent.
Fee ID: Identify the fee ID for the fee setup.
Name: Name the fee setup.
Fee on: Identify if fee applies to direct or burdens only. The options are Both, Direct, Burdens

Select **NEW** to create a new line and assign a fee percent to an account set for the fee setup.
Account Set: Identify the account set that should be included in the fee calculation.
Fee Percent: Populate the percentage that should be used for the fee calculation.
Where Used: This is used on the project card and the task card.

Billing Withholding Setup

The billing withholding setup table allows you to withhold billing on a specified percentage of revenue for services provided to the government per contract terms. The amount withheld will be displayed on the monthly invoice as a withholding line and subtracted from the final invoice amount.

To navigate to Withholding:
GCX→Project management and accounting→Setup→Billing Withholding→ Billing Withholding Setup

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Edit + New 🗑 Delete OPTIONS 🔎

Click the edit button to make changes.

🔎 Filter

10 pct lab
10 pct on labor

10 pct prj
10 percent on project

5pct fee
5 percent on fee

Billing withholding setup

Retention Id	Description
10 pct prj	10 percent on project

Lines

+ New 🗑 Delete

Withholding type	Percent
Project	10.00

Retention ID: Identify a name for the withholding setup.

Description: Short description of your withholding setup.

Withholding Type: Identify the withholding percent type that you are setting up.

Options are:

> **Project**
> **Labor**
> **Fee**

Percent: Identify the percent that should be withheld for the withholding type selected.

Note: Withholding setups for Project and Labor/Fee are not intended to be used in conjunction. One or the other should be used per contract terms.

Government Contractor Parameters

The government Contractor Parameters setup is used to identify categories for fees, categorize projects, and other overall setups. Setups determine System wide rules and views used by the Govt. Contractor module in DYNAMICS.

Note: Changes in this area have a global impact in the Govt. Contracting module. Please consultant a specialist prior to making any updates.

To Navigate to Govt. contracting parameters:

GCX→Project management and accounting→Setup→Govt. Contracting→Govt. contracting parameters

Timesheet Tab

Labor dist. Calc. method: Identify the labor distribution calculation method used by your organization.

Options are:

> **Weighted Average**
> **Effective Rate**

Compensated Time Used: Identify the project you will use to update with used comp time.

Compensated Time Earned: Identify the project that you will use to accrue comp time.

Un-Compensated Time: Identify the project that will accrue the hours above the normal hours per pay period and the Comp Time Accrual At project setup selection.

Where Used: These setups are used in the Calculate Comp Time function on the Hour Journal.

Rounding Project: This used for payroll variances amounts often calculated during a labor distribution for salaried workers

Dimension Priority: The cost dimension on a transaction is determined by this setup.

Options are:

Project/Activity: Uses Department on the Job or Task Setup

Worker   :   Uses Department on the Worker's Setup

Cost Pool Tab

The system uses the following dimension codes to track costs attributable to a department, project, and task. This allows the allocation routine to correctly compute the burdens allocated.

Cost offset account: Identify the Main Account used to accrue cost pool offsets.

Cost Dimension: Identifies the dimension used to track allocated cost throughout the Govt. Contracting module. Default for the Govt. Contracting module is: Department, Project, and Activity

Line Property: Set up will default to Burden and will not change in this set up.

Billing Tab

Fields in the set up identify Categories for billing. They are used to apply rules for invoicing and other Govt. Contractor set ups. This will be the default for the system set up.

Fee Category: Identify the project category for standard fees.
Award Fee Category: Identify the project category for award fees.
Incentive Fee Category: Identify the project category for incentive fees.
In Excess Category: Identify the project category used when In Excess is calculated

Timesheet Period Types

Timesheet period types are a user configurable feature that gives the user the capability of having multiple timesheet periods and choosing which one to assign to a worker. This allows for scenarios where you may have employees on different pay cycles.

To navigate to Timesheet Period Types:
Project management and accounting→Setup→Timesheets→Timesheet Period types

Period Types: Name the timesheet period.
Description: Description of the timesheet period.
Frequency: Identify the frequency of the timesheet period.
Options are:

> **Week:** A new period will begin every 7 days.
> **Bi-Weekly:** A new period will begin every 14 days.
> **Semi-Monthly:** There will be two pay periods per month starting on the 1st and 16th of each month
> **Month:** A new period will begin on the 1st of every month.

Auto Split Week: Auto split week will create a new timesheet if you are on a weekly or bi-weekly cycle and calendar month end comes in the middle of the cycle.
Day Week Starts: Identify the first working day in the timesheet period. (Ex. Monday)
Day Week Ends: Identify the last working day in the timesheet period. (Ex. Friday)
Hours per Pay Period: Enter the number of regular hours in the pay period.
Comp Time accrual at: The number of hours that need to be worked before comp time is accrued

After the structure of your timesheet period has been created the **Generate Periods** function in the ribbon should be used to generate timesheet periods within the established guidelines.

Pay Rate

Pay Rates are used to assign a period salary or hourly rate to a worker, based on an effective date. Multiple pay rates with varying effective dates can be setup for each employee. These rates can be setup in advance with a future effective date. The rate entered can be an hourly amount or salary amount that is equal to a Weekly, Biweekly, Semi Monthly and Month. Pay rates are used in combination with Pay Types to manage pay used for OT, Double time and other premium pay. The rate change will take effect on the date specified.

Pay Rates assign a period salary or hourly rate for a worker based on an effective date.

Human Workers→Workers→Choose a worker→Project management tab→Pay rate

The Pay Rates link can be found in the ribbon of any worker card:
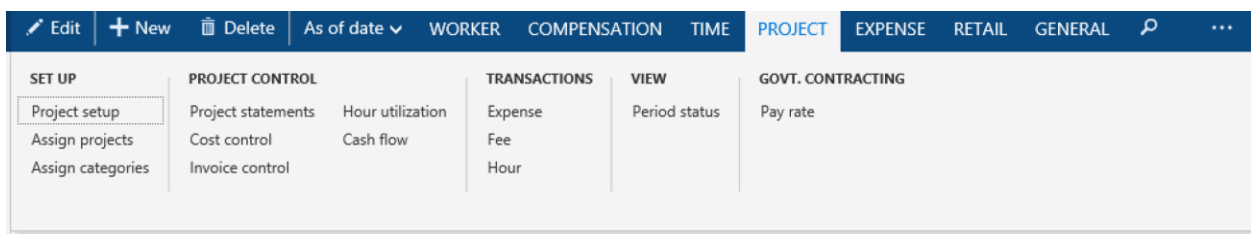
The worker Pay Rate setup screen will open:
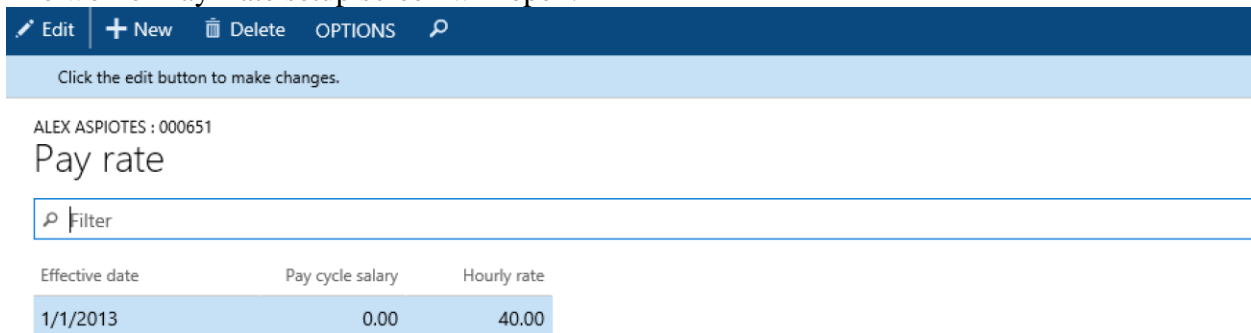
Effective Date: The date that the labor rates setup will be effective for this worker.
Pay cycle salary: This will be a pay period amount for salary employees.
Hourly rate: This should be an hourly rate for hourly employees.
Note: Employee rate changes can be setup ahead of time per the effective date selection.

Pay Type

The pay type setup allows you to configure multiple pay rules for different overtime and shift time scenarios. Pay types are setup in a user defined table that assigns a multiplier to each pay type code and determines if the code should be considered as regular time when used. This setup will also determine how the system calculates for the effective rate during labor distribution.

To navigate to pay type: Human Resources→Setup→Pay type

Code: Name the pay type.

Description: Describe the pay type.

Base Type: Identify the normal type of pay associated with the pay type.

Options are:

> **Regular:** Hours that should be considered regular pay.
>
> Note: All pay types that are of base type regular are added together to calculate an employee's effective rate during the labor distribution process.
>
> **Overtime:** Hours that should be considered overtime pay.

Multiplier (Salaried): The multiplier for overtime rate setup for salaried employees.

Best Practice: The regular value is 0.

Multiplier (Hourly): The multiplier for hours worked for this pay type for hourly employees.

Worker Class Code

This feature is used is cases where there is a separate labor cost account. Examples of scenarios covered are client site, company site g/l accounts, full-time vs. part-time, or consultant and sub-contractor labor cost accounts. The setup also allows you to map to different g/l accounts based on pay type.

Where Used: This is used when posting labor using the hour journal, or subcontract labor using a purchase order. The worker class code is used in conjunction with the category group and allows the user to override the g/l account based on a category group and the class code on a worker.

To Navigate to Worker Class Code:

GCX→Human Resources→Setup→Govt. Contracting→Worker Class Codes

Wage Determination Location

The wage determination location table provides the ability to ensure your company is meeting the SCA minimum wage requirements. The "Service Contract Act" flag will be checked on the project card to

indicate to the system that the labor cost are calculated from the wage determination location on the worker setup instead of the worker pay rate. Service Contracts Act can be set up on all types of Projects (FFP, CPFF and T&M)

Note: This is equivalent to the Area Wage Determination (AWD) location.
Where Used: The class code is used with the wage determination location to fulfill SCA minimum wage requirements. DYNAMICS will use employee cost from the wage determination location on the worker when the SCA flag is selected.

To Navigate to the Wage Determination setup:
GCX→Human Resources→Setup→Govt. Contracting→Wage Determination

DYNAMICS Project type to Govt Contract Types: When creating a Govt. Projects it is important to know that 'DYNAMICS' enforces rules based on DYNAMICS Project Types that can be used in combination with other setups to achieve your Govt Project type. For example Cost Plus projects will use components of a contract type Time & Material. Below is a quick view of how DYNAMICS types are used to create a correction billing result.

Govt. Project Contract Type	Description	DYNAMICS Project Type	Billing Formula ID	Invoice Type
CPFF	Cost Plus Fixed Fee	T&M	CPFF	Govt. Contractor ITD/YTD
T&M	Time and Material	T&M	TM	Govt. Contractor ITD/YTD
FFP	Fixed Labor + ODC	T&M	TM	Govt. Contractor ITD/YTD
FFP	Fixed Price ETC	FFP	FFP	Base DYNAMICS Invoice
FFP	Fixed Price Milestone	FFP	FFP-MIL	Base DYNAMICS Invoice

Project Card

A Project Card is the main component of the Govt. Contractor module. It has information that pertains to a contract, its workforce and billing rules. The set also stores details such as funding, and budget information that can be used to track cost and revenue. The project also allows a user to create a WBS structure that is useful for tracking cost, revenue and budgets.

Navigate to the project module: Project management and accounting→Projects→All projects

To create a new project select "+New" in the ribbon of the project list.

Identify the following information to create a new project.

Once the project has been created, the project card can be updated with additional information about the project.

General Tab

Project ID: Enter a Project code used to identify the project

Project Name: Enter the project name

Project Group: This will be populated per your initial setup selection ** See document for further explanation on this setup*

Project Type: This will be populated per your initial setup selection.

Contract Type: This will be populated per your initial setup selection.

Customer: Choose from the list of Customers

Start Date: Enter the start date of the Project

Customer: Information selected at the time the project is created will auto populate the below information.

> **No:** Identify the Client No. from the customer list.
> The following fields will be auto populated with the client information from the customer card when the client no is selected:
> > **Name**
> > **Bill-to Address**
> > **Bill-to City**
> > **State/Zip Code**
> > **Bill-to Post Code**
> > **Contact No**
> > **Bill-to Contact**

Project Stage: Will be In Process

Project Manager No: The resource number of the project manager assigned to the project.

Contract Type: Auto populates at the time the Project is created

Project Start Date: Identified at the Project is created

Project End Date: Update the Contract/Project end date

Govt. Contracting Tab

*Information selected in this tab are defined in this document. Please refer to the table of contents to get further information on the selection.

*Billing Formula: Identify the billing formula that should be used.
*Revenue Formula: Identify the revenue recognition formula that should be used.
*Billing Pool Group: Identify the billing pool group that the Project belongs to.
*Fee Set Up: Identify the fee setup used when calculating an invoice for this Project.
*Fee Amount: Identify the percentage when calculating an invoice for this Project.
*Account Group: Withholding is used when the client (government) wants to hold a percentage of payment at the beginning or at the end of a project. Identify the appropriate Project withholding setup for the Project, labor, and fee.
Service Contract Act: This is selected if the SCA minimum wage requirements are applicable and require resource cost setup.
Leave without Pay: If selected, this signifies that the project is leave without pay like FMLA or Military leave.
Where Used: During labor distribution, the time is reversed.

Financial Dimensions

Activity: Identifies the Projects WBS/Task
Where Used: The Activity is used on an Activity set up and is not a dimension when the project is set up. It is a dimension that is captured with each transaction posted in DYNAMICS

Department Code Dimension: The resources department should be selected. This field is used in conjunction with the dimension priority on the GC Parameters table.
Where Used: The department code is used on labor entries, if the priority for the department is by Project. If the Project department is the priority then this field will be used on all labor transactions.

Project: Auto populates when the Project is created
Where Used: The Project is a dimension that is captured with each transaction posted in DYNAMICS
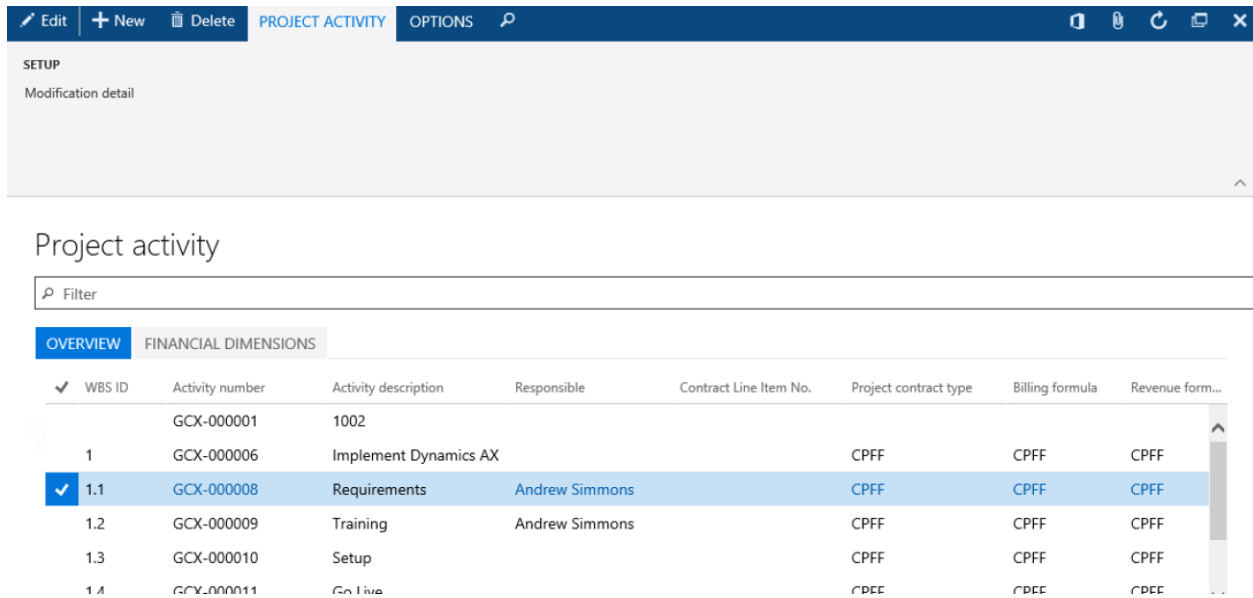
Modification Detail

Modification Detail is used to set up your project's funding down to the activity layer. This setup allows the user to track historical the initial Project Contract and Funding detail including additional amendments to the funded amount. This information is used to determine the percentage used/spent for the funding of the project.
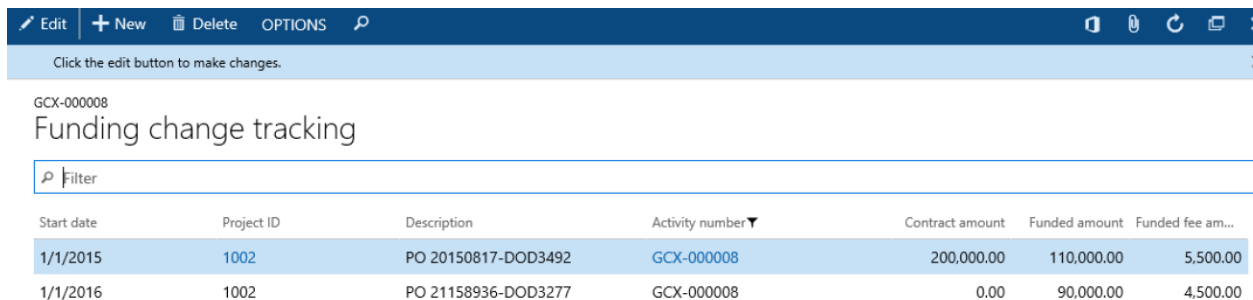
Select Modification Detail on the Govt. contracting tab in the ribbon of any Project card:
Project management and accounting→Projects→All projects→Plan→Work breakdown structure →Govt. contracting → Modification Detail

This will open the Funding Change Tracking Screen:

Start Date: Identify the effective date of the funding change.
Project ID: Identify the project ID.
Description: Description of the funding.
Activity Number: Identify the specific activity that was funded, if applicable
Contract Amount: The total contract amount allocated.
Funded Amount: The amount that has been funded.
Funded Fee Amount: Enter the amount of the Fee that is a portion of the project, populating this field properly ensure the Fee amount invoiced is not over-invoiced
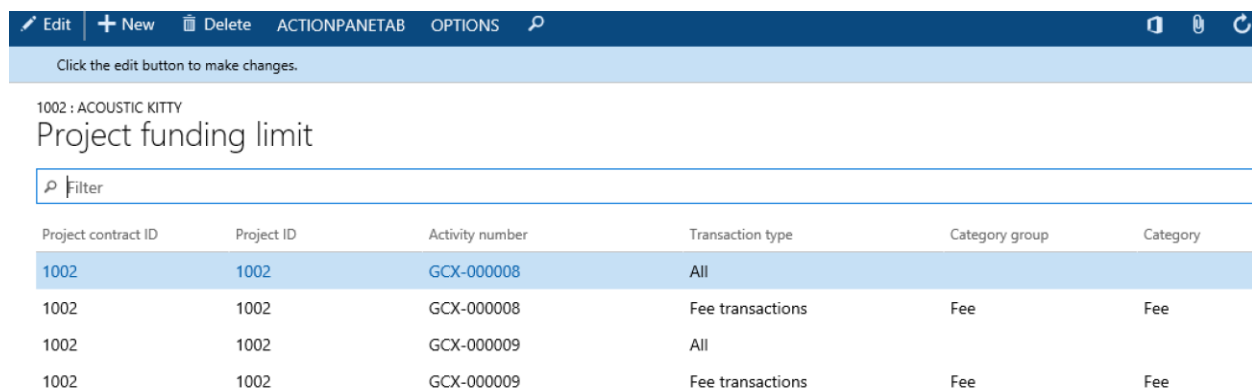
Funding Limits

Funding Limits define the maximum amount that can be invoiced. Limits can be defined at the project, activity, Project category, or the category group level. Funding limits work as constraints for invoices, this allows the user to setup limits for a specific labor category or burden category like G&A. Conditions for type, category group, Project category, or resource can also be selected.

Note: Modification detail creates funding limit lines for fee and task level funding amounts.

The funding limits function can be found in the ribbon of any Project card:
Project management and accounting→Projects→All projects→Govt. Contracting→Project Funding Limit

Project contract ID	Project ID	Activity number	Transaction type	Category group	Category
1002	1002	GCX-000008	All		
1002	1002	GCX-000008	Fee transactions	Fee	Fee
1002	1002	GCX-000009	All		
1002	1002	GCX-000009	Fee transactions	Fee	Fee

Project Contract ID: Identify the related contract ID for the project that you are establishing funding for.
Project ID: Identify the Project ID for the project that you are establishing funding for.
Activity Number: Identify the activity that you are establishing funding for.
Transaction Type: Identify the type of funding.

Options are:
> **All**
> **Hour Transactions**
> **Expense Transactions**
> **Item Transactions**
> **Fee Transactions**
> **On Account Transactions**

Category Group: Identify the category group that you are establishing funding for.
Note: A category group cannot be selected for transaction type of all.
Category: Identify a category within the category group selection.
Worker: This is field is used if funding allotted is for a specific worker.
Amount: Identify the funded amount.
Spent Amount: This field will be updated by DYNAMICS for the amount of funding that is spent.

Change Tracking: This link opens to the Funding Change Tracking Screen. See Modification Detail for more information.

Processes

Labor Processing

Import timesheet

The Import Timesheet function will bring in the timesheets that have been submitted and approved for the timesheet period type selected. Each timesheet will display as a separate batch. All timesheets should be imported, processed, and posted before importing the next period type.   Once imported, timesheets batches are created in the Hours Journal in DYNAMICS. Each batch can be reviewed then posted. Select the icon for Import Timesheet on the ribbon. This will bring in the timesheet lines that are submitted and approved for a given timesheet period.

The following filter options are provided for bringing in time. The default batch will be populated with the approved timesheet lines within the filter selection.

Period code: Identify the period type that you are processing.

Best Practice: Process timesheets with one period type before importing timesheets for the next period type.

Start Date: Identify the period start date that you are processing.

Worker Filter: This field can be used to filter for a specific employee.

Note: Use the | or .. filter expression to include multiple worker numbers. (See page XX for list of all filter expressions)

Calculate compensated time

Compensated time is an optional benefit that an employer can offer to their salaried employees. This allows salary employees to begin accruing any hours worked over a pre-determined global accrual selection, so they can be used at a later time. Companies can use the Comp Time function to record Standard Time Accounting practices, as opposed to the default of Total Time Accounting/Effective Rate calculation.

To use Calculate Compensated Time select the Calc. Comp Time Entries function from the ribbon of the Hour Journal.

Start date: Identify the start date of the period.

Hours in pay cycle: Adjust this number to the number of hours in the pay cycle you are processing.

Note**:** The system will default the number of hours in the pay period from the period type. If this is an auto-split week scenario the hours in the pay cycle will be prorated.

Note: The Hour Journal will populate with up to two negative line entries. A negative line for the amount accrued using the Comp Time Earned project and a negative line for the uncompensated time if applicable.

Note: This is a global setting NOT by employee.

Comp time accrued at: Identify the number of hours that need to be worked before the employee begins to accrue comp time.

Calculate labor distribution

This function will distribute the employee's salary across the total number of hours worked and be applied to each line on their timesheet. This will provide you with a distribution of cost to determine an hourly rate per hour worked that pay period.

Note: Labor distribution will be calculated per your Labor Dist. Calc. Method selection. (See Workers Setup for more detail)

To use Calc. Labor Distribution select the Calc. Labor Distribution function from the ribbon of the Hour Journal.

The cost and price columns in the Time Journal will be updated accordingly. Verify that they are being populated accurately. Total cost for a salary employee should be equal to their pay amount on the worker card.

Leave without Pay (LWOP): You may use LWOP hour entries to reverse hour entries by inserting a new line to reduce the net pay by the hours not worked.
Rounding: A rounding entry will be created when the employee salary is not distributed evenly over the hours worked.
Note: See to project card chapter for more detail.
Common Errors:
Cost Price: If this field does not populate, verify the quantity of hours column is populated and that the worker has a rate entered.
Sales Price: If this field does not populate, verify that the Labor Category Code is populated on the project setup.

Service Contract Act based labor cost price

The SCA Rates window assists government contractors to comply by the minimum wage determination requirements established by the Service Contract Act (SCA) from the U.S Department of Labor. These rates set forth the wages and fringe benefits that prime contractors and subcontractors must pay service employees working on covered contracts. Each project that falls under the service contract act must be marked as a SCA and the project can be setup with specific worker costs by labor category, by worker class, by location, and by task

Zero hour adjustment

If this flag is selected on the timesheet line of the hour journal, the line will be created with a quantity of 1 and a cost. When the timesheet is posted it will create a second line with a -1 quantity to bring the cost to zero.

Leave without pay

If leave without pay is selected on the project card it signifies that the project will be used for time taken off from work that an employee will not be compensated for, like FMLA or Military leave. These hours will be reversed during labor distribution.

Full-time / Part-time, Client site / Company site ledger account setup

The labor cost account setup on the Project category determines these classifications. Category code on the project card. *See this document for further explanation on Project Category*

Project Time journal summary report

The Time Journal Summary report provides a summary view of the employee timesheets. The information is summarized in four different ways to include: Employee Summary, Project Summary, Time Posting Group Summary, and G/L Account Summary. When generated, the report is displayed in a Print Preview format that allows the user to print or save in various file formats.

Project Time journal errors report

The Time Journal error report identifies errors in the Hours Journal prior to posting the journal. The report identifies workers without cost calculated and identifies when Sale price is missing when an employee's labor is billable.

Project Status Report

The project status report provides a quick view of a project's Current/YTD/ITD budgeted and actual values for costs and revenue.

Sub-contract Labor Processing

The Create Sub Cont. Invoice function is used when subcontractors enter time using the DYNAMICS WTE system. This time must be processed through the purchasing module in order for it to appear as expenses against the project. The G/L account it uses comes from the Project Category Worker Class. The worker card must have the correct class code setup.
Note: This function will create one purchase invoice per sub-contractor across all batches.

Retro- Active Cost Adjusting
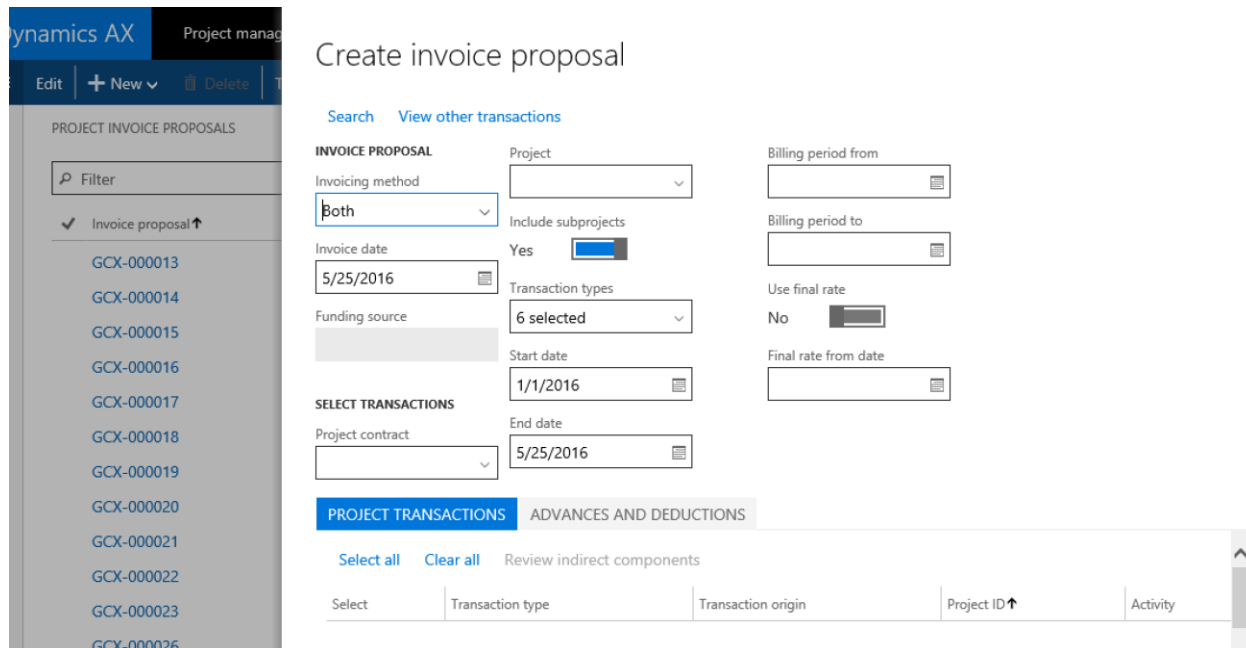
Retro-active billing is a function on the hour journal that is used when a new T&M rate has been approved with a start date that has passed. This function will retroactively bill the delta difference between the old rate and the new.

Invoicing

Invoice Proposals

The **Invoice Proposal** function is found on the Manage tab in the ribbon of any Project card.
Note: Invoicing is a manual process for FFP contracts. The system will need to be told when to create invoices.

Create Invoice Proposal

Project Contract: Identify the project contract. The selection in this field will filter the selection in the project drop down. This field will default from the project selected.

Project: Identify the Project that you are invoicing. This field will default from the project selected.

Invoice Date: Identify the invoice date. This will be the date that prints on your invoice.
Note: For a final rate invoice, make the date the last day of the year, you can change it when posting to the current period.

Funding Source: Identify the customer that you are invoicing. This field will default from the project.

Start Date: The starting date of the transactions you are invoicing.

End Date: The ending date of the transactions you are invoicing.
Note: For a final rate invoice the end date would be the last day of the year. This excludes next year transactions.

Check box selections: Select the type of transactions you are invoicing.

Billing Period From: The starting date of the billing period you are invoicing.
Note: Prior period lines not invoiced will be included. Use ignore for billing to exclude from the current invoice.
Note: Billing period from and to dates will print on the invoice.

Billing Period To: The ending date of the billing period you are invoicing.

Use final rate: When creating a final invoice or an indirect rate change invoice, check this box

Final rate from date: The final rate from date tells the system what date to start computing the burdens
Note: If you are trying to do a rate change invoice for say 2015, the final rate from date would be 1/1/2015.

Vers. 2.0

Invoices

Once the invoice has been created you can review the proposed invoices from the Project Invoice Proposals function on the Manage tab in the ribbon of the Project card before posting and printing.

Select **Project Invoice Proposals** to open a list of proposed invoices.

Select an invoice and click **Edit** in the ribbon to review the invoice.

This will open the proposed sales invoice page for review, edits, posting, and printing.

Govt. Contracting, Dynamics 365 Operations

The GC Invoice link is used to preview the invoice before posting or to view the invoice after posted.

The parameter page allows the user to choose what displays on the invoice. The invoice can be summarized by labor category or worker.

Bill To

Department of defense

Prime Cont. No	Contr. Type	Funded Amount	Funded Fee	Fund. Rem.	Project No.
1002	CPFF	225,000.00	11,250.00	220,551.49	1002

Description		Current			ITD	
		Rate	Hrs	Billing	Hrs	Billing
Labor						
1.1 Requirements						
Consultant I		71.43	16.00	1,142.86	16.00	1,142.86
Developer I		40.00	24.00	960.00	24.00	960.00
	Labor Subtotal		**40.00**	**2,102.86**	**40.00**	**2,102.86**
Burden						
1.1 Requirements						
Fringe Provisional		0.00		609.83		609.83
Overhead company site provisional		0.00		1,003.70		1,003.70
GA Provisional		0.00		520.29		520.29
	Burden Subtotal			**2,133.82**		**2,133.82**
Fee						

Cost Allocations

Allocation functionality is used to move indirect costs to intermediate pools and finally to projects. This functionality is very flexible, designed to meet demanding requirements of growing companies. The allocation setup drives cost allocations and billing of indirect costs. The monthly allocation process does not impact billing of cost plus projects. The allocate costs routine can use provisional or final rates and is found in the periodic activity menu.

Allocation setup involves creating a line (called a pool) for each group of costs (Ex. Overhead) and defining the G/L account range for such costs. A pool must also have a range of G/L accounts that the cost is related to (base). (Ex. The base for fringe would be labor g/l accounts.)

When defining a pool, there are three setups that are required.
1. Define the G/L account range(s) that represent the Pool and Base.
2. Define the department(s) that belong to the pool.
3. Calculate the actual rate and distribute cost from the pool to the project.

Cost Pool Account Set

The cost pool account set defines a range of accounts for the base & pool. (Step 1 above)

To navigate to the cost pool account setup: Project management and accounting→Setup→Govt. Contracting→Cost poo account set

Select **New** to create a new cost pool account set. Make the selections and click **Create**.
Name: Name the account set.
Description: Description of the account set.
Effective: The date that the cost pool account set will be effective.

Select **New** to create a new line and assign a range of G/L accounts that are valid for the account set.
From Account: Identify the starting g/l account number in the cost pool account set.
To Account: Identify the ending g/l account number in the cost pool account set.
Note: Multiple lines can be used for breaks in the cost pool account set.

Cost Pool Department Set

The cost pool department set assigns a range of departments when defining the pool & base. The department range further restricts the costs that are part of the pool calculation.

To navigate to the cost pool department setup: GCX→Project management and accounting→Setup→Govt. Contracting→Cost Pool Setup→Cost Pool→Department Set

Select **New** to create a new cost pool department set. Make the selections and click **Create**.
Name: Name the department set.
Description: Description of the department set.
Effective: The date that the cost pool department set will be effective.

Select **New** to create a new line and assign a range of departments that are valid for the department set.
From Department: Identify the starting department in the cost pool department set.
To Department: Identify the ending department in the cost pool department set.
Note: Multiple lines can be used for breaks in the cost pool department set.

Pool Setups

The Cost Pool Setup table is used to define the various cost pools and the sequence for allocating cost. This table also defines which pools will allocate to projects.

To navigate to the cost pool setup: Project management and accounting→Setup→Govt. Contracting→Cost Pool

Sequence	Name	Actual category	Actual offset category	Provisional category	Provisional offset
1	Fringe	Fringe Actual	Fringe Actual Credit	Fringe Provisional	Fringe Provisio
2	Overhead company site	OHCO Actual	OHCO Actual Credit	OHCO Provisional	OHCO Provisio
3	Overhead client site	OHCL Actual	OHCL Actual Credit	OHCL Provisional	OHCL Provision
4	G&A	GA Actual	GA Actual Credit	GA Provisional	GA Provisional

Sequence: This field provides the order in which cost pools will generate allocations.
Name: This field is used to identify the type of indirect cost you are setting up.
Group: The cost pool group that the indirect cost line you are setting up belongs to.
Best Practice: This field is used when you have multiple allocation groups. This is normally left blank.
Actual Category: Identifies the account used to allocate actual cost to projects per project category.
Actual Offset Category: Identifies the account number used to record the contra amount for actual cost to projects. This ensures the allocation has a zero impact on net income per project category.
Provisional Category: This field is used to identify the account number used to allocate provisional cost to projects per project category.
Provisional Offset Category: This field is used to identify the default account number used to record the contra amount for provisional cost to projects per project category.
Department Set: Identify the department set that defines the base departments.
Department Actual: This field is used to identify the account that cost is distributed to. When setting up the distribution (See Allocation) you can override the G/L account. For a fringe pool, you would select the G/L account in the direct account range. This is where the fringe to direct distribution goes. Same would be true for G&A and Overhead.
Department Actual Offset: This field is used to identify the contra account used when cost is distributed to departments. For example, the contra for a fringe pool would be an account directly below the last fringe account.
Note: The cost account group of the project category can be overridden here for Fringe & OH for B&P/IR&D projects.

The following functions can be found in the ribbon of the cost pool setup screen.

Pool Cost & Base: The pool cost and base table is used to define how the indirect rate will be calculated. The denominator is often called the base in Government Contractor terminology.

Pool: Check this column to indicate that this row is the numerator in the "Pool Cost & Base" setup screen.

Account Set Name: This field is used to define the account set that defines the base or pool G/L accounts.

Department Set Name: This field is used to define the department set that defines the departments in the pool.

Allocation: The allocation setup table is used to define the distribution of cost to various pools and ultimately to projects. It is extremely important that the range of accounts in the allocation setup match the accounts in the base denominator of the "Pool Cost & Base" Setup.

Account Set Name: This field is used to identify the pool account set from the base.

Note: Both actual & provisional rate based calculations are done and posted to the project and general ledger.

Actual to Department Account: This field is used to override the department actual account selected on the cost pool setup.

Actual to Project: The cost will be allocated to the project using the actual rate.

Note: If actual to department and actual to project are both set up the allocation will be run through the department before being allocated to the project.

Actual to Department: When selected, the distribution uses actual rates and is allocated to the departments in the pool.

Provisional to Project: If selected, the cost will be allocated to the project using the provisional rate.

Provisional Rate: The cost pool provisional rate table is used to identify the provisional rate and the final rate that should be used in the cost pool calculation.

Start date	Provisional rate	Final rate
1/1/2015	28.00000	0.00000
1/1/2016	29.00000	0.00000

Start Date: Identify the date that the rates are effective and should begin being used for cost pool calculations.

Provisional Rate: Identify the provisional rate percentage.

Where Used: The provisional rate will be used for billing pool calculations.

Final Rate: Identify the final rate percentage.

Actual Rate: The cost pool actual rate table displays the rate calculated and is updated each time allocations are run.

Start date	Actual rate
1/1/2016	38.96774

Start Date: This field identifies the starting date of the period that cost allocation was run.

Actual Date: Identifies the actual rate calculated for the period in the start date field.

Allocate Costs

The allocate costs function should be run once a month in order to allocate costs.

To navigate to Allocate Costs:
Project management and accounting→Periodic→Govt. Contracting→Allocate Cost

From date: Identify the starting date of the accounting period that you are allocating costs for.
To date: Identify the starting date of the accounting period that you are allocating costs for.
Use final rate: If selected, the final rate will be used for the calculation.

Revenue Recognition

Revenue recognition is the process of accruing revenue at the month end and reversing the accrual upon invoice posting. When accruing revenue, the G/L account used is "Accrued Revenue" the offset is unbilled (WIP Sales Account). Fixed price projects can recognize revenue using the estimate to complete worksheet.

The following two periodic activity routines are used to recognize revenue.

1. Calculate Revenue Accrual
2. Post Revenue Accrual

These routines will post a debit to your WIP Sales Value account (Unbilled receivable account on the balance sheet) and credit accrued revenue.

Note: The G/L selection process for postings is explained in detail in the **Project Posting** Section of the user manual.

Revenue Recognition Setups

The setup fields for revenue recognition calculations are found on the project card.

Note: See the **Project Card** chapter for additional information on the fields.

◢ **Govt. contracting**

Revenue recognition and billing

Billing formula:	Cost plus fixed fee on cost
Revenue formula:	Cost plus fixed fee on cost
Billing pool group:	Company wide
Fee setup:	5 percent all accounts
Fee amount:	0.00

The **Task Detail** link on the **Work Breakdown Structure** setup page will open the task card.

The revenue recognition formula selections must be populated on the task card. If the formula selection is made on the Project card before the creation of the tasks, the selections will be defaulted on the task card from the Project card. If the tasks are created prior to the selection on the Project card, the task selections will be blank. After task creation the Project card selections are only there for reference and do not affect revenue recognition calculations or task card selections.

Best Practice: If revenue recognition calculations should not be performed on the Project leave the field selection blank or create a DNC revenue formula for "Do Not Calculate". Set the control field to "disabled".

Calculate and Post Revenue Accrual

Run the Accrue Revenue function to calculate the revenue accrual and then post.
Project management and accounting→Periodic→Time and Material→Accrue Revenue

Click "Select" in the ribbon of the Accrue Revenue screen to open the parameter page for your accrual. Make your selections and click OK to run the calculation.

This will populate your revenue accrual lines. Once you have verified your information select "Post" in the ribbon to post your accrual.

Best Practice: Fixed price revenue recognition use the estimate to complete method.

Forecasting

The forecasting function is used to budget costs and calculate revenue related to a direct project. It is also used to calculate costs related to non-direct projects. For example, when planning a forecast of fringe costs you can create a budget that calculates your health insurance costs that can then be allocated to a fringe project. This will give you a total fringe cost for forecasting purposes.

The Forecasting link can be found in the ribbon of any project card:
Project management and accounting→Projects→All projects→Govt. Contracting→Forecasting

1002 : ACOUSTIC KITTY
Forecasting

Activity		View by	Start date	
	∨	Monthly	1/1/2016	🗓

FORECAST MATRIX

Project ID	Project name	Labor entry	Forecast model
1002	Acoustic kitty	Hours ∨	2016 ∨

Description	Activity	Labor category	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016
Alex Aspiotes	Requirements ∨	Consultant I ∨	20.00	40.00	60.00	0.00	0.00
Andrew Simmons	Requirements	Consultant I	40.00	42.00	46.00	50.00	60.00
Carl Simmons	Requirements	Developer I	0.00	0.00	0.00	0.00	0.00
Total Hours			60.00	82.00	106.00	50.00	60.00
Total Subcontract Hours			0.00	0.00	0.00	0.00	0.00
Total Labor cost			9,800.00	11,079.53	12,779.53	11,279.53	13,529.53
Lodging	Requirements		100.00	115.00	125.00	0.00	0.00
Total Travel cost			100.00	115.00	125.00	0.00	0.00
Fringe Provisional	Requirements		5,684.00	6,409.00	7,395.00	6,525.00	7,830.00
Overhead company site provisio...	Requirements		9,355.08	10,548.33	12,171.15	10,739.25	12,887.10
GA Provisional	Requirements		4,877.47	5,500.23	6,344.26	5,567.00	6,680.39

Activity: Identify the activity that you are creating a forecast for.
View by: Identify the increment of time that you are creating a forecast for.
Options are:
> **Monthly**

Start Date: Identify the start date for your forecast.
Project ID: The project ID will be pre-populated by the system.
Labor Entry: Identify how you would like labor to display.
Options are:
> **Hours**
> **Price Amount:** Hours x Unit Price (Billing Rate)

Forecast Model: Identify the forecast model that your forecast will use.
Project Name: The project name will be pre-populated by the system.

Forecast Matrix
The forecast matrix is used for forecast creation. Lines are added to the matrix using the **Add Worker** and **Add Other** functions in the ribbon. The **Labor Category** field in the lines will be prepopulated per the worker card selection and setup. The rest of the fields on the lines are blank and should be updated to create the budget.

Add Worker

Lines are added to the Budget Matrix using the **Add Worker** function in the ribbon.

Add Other

The **Add Other** function in the ribbon is used to add other project costs like material or travel to the budget matrix. The selection will be made from the Category List.

Re-Calculate Totals

This function is used to re-calculate totals in the forecast matrix if there have been changes to the numbers inputted. This can be run multiple times throughout the creation of the forecast.

Appendix

The appendix shows a sample setup and may be used as a guide when setting-up Dynamics DYNAMICS for Government Contracting.

A – Chart of Accounts

Below is a sample chart of accounts. In the example below 4xxx are revenue accounts. 5xxx represent direct cost accounts. These are accounts that are posted to when billable client facing hours are recorded or expenses are incurred. The next three sections are for Fringe (6xxx), Overhead (7xxx) and SG&A (8xxx) costs. The last set of accounts (9xxx) is used to record burdens (indirect cost allocations).

Note: The account numbers (5x, 6x etc.) is not important, what is important, is that costs are grouped in this fashion (Direct, Fringe, Overhead etc.). This is typical for a government contractor, and will make the client's DCAA audit easier.

Main account	Name	Section
4000	Revenue	Revenue
4010	Project Revenue	Revenue
4020	Un-Billed Revenue	Revenue
4030	Un-Earned Revenue	Revenue
5000	Direct Expenses	Direct
5100	Direct Labor	Direct
5110	Direct Labor - Part time	Direct
5200	Direct Travel	Direct
5300	Direct Materials	Direct
5400	Subcontract Labor	Direct
5600	Other Direct Costs	Direct
5700	Allocated Fringe to Direct Labor	Direct / Allocation
5810	IR&D Direct Labor Offset	Direct
5820	IR&D Other Direct Cost Offset	Direct
5830	IR&D Overhead and Fringe Offset	Direct
6000	Fringe Expenses	Fringe
6100	Payroll Taxes	Fringe
6200	PTO Expenses	Fringe
6900	Allocated Fringe Offset	Fringe
7000	Overhead Expenses	Overhead
7100	Overhead Labor	Overhead
7200	Overhead Travel	Overhead
7700	Allocated Fringe to Overhead	Overhead / Allocation
7800	Sub. Labor / AP intermediate account	Overhead
8000	G&A Expenses	G&A
8100	G&A Labor	G&A
8200	G&A Travel	G&A

8700	Allocated Fringe to G&A	G&A / Allocation
8810	IR&D Direct Labor	G&A
8820	IR&D Other Direct Cost	G&A
8830	IR&D Overhead and Fringe	G&A
9000	Un-allowable Expenses	Un-Allowable
9610	Fringe Project Actual	Allocation
9620	Fringe Project Actual Offset	Allocation
9630	Fringe Project Provisional	Allocation
9640	Fringe Project Provisional Offset	Allocation
9670	OH to Project Company Site Actual	Allocation
9680	OH to Project Company Site Actual Offset	Allocation
9690	OH to Project Company Site Provisional	Allocation
9695	OH to Project Company Site Provisional Offset	Allocation
9710	OH to Project Client Site Actual	Allocation
9720	OH to Project Client Site Actual Offset	Allocation
9730	OH to Project Client Site Provisional	Allocation
9740	OH to Project Client Site Provisional Offset	Allocation
9810	G&A Project Actual	Allocation
9820	G&A Project Actual Offset	Allocation
9830	G&A Project Provisional	Allocation
9840	G&A Project Provisional Offset	Allocation

B – Financial Dimensions

Cost Dimension

One custom financial dimension is used by the system. The values in this dimension are the client's department or cost centers. You identify the financial dimension used in Government contractor parameters table.

In the sample below a financial dimension is created named "Department". The departments are grouped by company site and client site using a smart numbering method 001-xx or 002-xx.

Note: In the sample below company site and client site are overhead pools. When setting up a pool for allocation the combination of ledger account (g/l account) and cost dimension is used to identify the costs to allocate.

Dimension Value	Description
001-01	Company Site - Federal work
001-02	Company Site – Air force
001-03	Company Site - Other
002-01	Client Site – Federal
002-02	Client Site – Air force

Project and Activity Dimensions

The government contracting module enhances base DYNAMICS to add a system dimension "Activity" and uses the project system dimension. When burdens are calculated, they must be allocated to the project by activity. This is done by ensuring that each transaction has the three financial dimensions (project, activity, cost dimension) when it is posted to the ledger.

Note: Identify the project and activity dimensions in Government contractor parameters table.

C – Category Group

Category groups are setup to correspond with typical government contractor categories. In the setup below you will notice a new column "valid for" that is not base DYNAMICS. This extends the DYNAMICS transaction type. The options are the same. One new option "Burden" has been added to the valid for enumerator.

Note: The category group "Burden" has a valid for burden by a transaction type of expense.

Category Group	Valid for	Transaction Type
Labor	Labor	Hour
Travel	Expense	Expense
Materials	Expense	Expense
Other	Expense	Expense
Subcontract	Expense	Expense
Burden	Burden	Expense
Fee	Fee	Fee

Note: All labor must be grouped in one and only one category group. This is due to DYNAMICS project categories being limited to one category group.

D- Project Categories

Dynamics hour transactions require project categories. Government contractors refer to these as labor categories. All labor categories must be grouped in one and only one category group. This is because in Dynamics, project categories can only belong to one category group.

E – Project Group

Government contractors have five project groups. Only the "Direct" project group should have its default line property setup to be chargeable. This will ensure that the other projects are not setup as billable by mistake. They are used to capture costs and the "project type" should be set to "cost project"

Project Group	Project Type	Ledger posting search priority
BP	Cost project	Project
IRD	Cost project	Project

	Time and	
Direct	Materials	Project
Fringe	Cost project	Project
Indirect	Cost project	Project

Note: The "ledger posting search priority" is "project". This is important and must not be changed.

F – Project / Activity

Project and activity forms have an area to setup financial dimensions. The correct dimension values should be selected on each project and activity. The department (cost dimension) value at the activity overrides the value from the project.

Project Id	Financial Dimension	Dimension Value
1002	Project	1002
1002	Department	001-01

Activity Id	Financial Dimension	Dimension Value
1002-01	Activity	1002-01
1002-02	Department	001-02

Note: You can setup the priority for the cost dimension on Government contracting parameters

G – Project Posting

A key component of setting up a government contracting system is to setup the "project posting" setups to post to the correct ledger account (see appendix A for typical COA example). Government contractors have multiple cost accounts for labor (salary). In the sample COA these are 5100, 5110, 5400, 7100, 8100 and 8810. 5400 is of special importance as it is the ledger account for subcontract labor. The category group worker class setup enhances base DYNAMICS to post subcontract labor cost to 5400 (see Category Group Worker Class for more information).

Note: Projects should have the "ledger posting search priority" field value "project" and NOT category.

Category Group	Cost Account
Labor	5100
Travel	5200
Materials	5300
Other	5600
Subcontract	
Burden	
Fee	

Note: Cost account 5100 is where all employee labor is recorded

Government contractors have two special types of projects that have special requirements and need to be setup to capture their costs in the 8xxx series of ledger accounts. We will refer to these two projects

as B&P for bid and proposal and IR&D for internal research and development. To setup these projects correctly the "Project Group" and "Project Account Group" setups are used.

Note: Project account group is an enhancement and not base DYNAMICS. See Project account group for more information.

Project Group	Cost Account
BP	8810
IRD	8810
Direct	
Fringe	
Indirect	

Note: Project groups BP and IRD have the cost account 8810 (B&P, IR&D labor)

Project account group is where you define the cost account for all other project categories that will post to these projects.

Project Account Group

Project Category	Cost Account
Lodging	8820
Per-Diem	8820
Travel Other	8820
Fringe Actual	8830
Fringe Actual Credit	9620

H – Burden Calculation

Government contractors calculate indirect costs and allocate them using several methods. Below is one of the most common scenarios. In this example there are 4 pools. Fringe, Overhead company site, Overhead client site, and General and administrative. Each pool has its own ledger account range. Fringe costs are recorded in 6xxx, Overhead 7xxx, G&A 8xxx. There are two overhead pools, client site and company site. These costs are differentiated using the cost dimension (see Financial Dimensions). Smart numbering on the cost dimension value is used. In the example under cost dimension you see that the 001-xx dimension values are for company site while the 002-xx is for client site.

Burden categories

Each pool requires four project categories. Two will be used for the allocation calculation based on a provisional rate and two for actual rate.

Category Id	Category Name	Category Group	Cost Account
Fringe Actual	Fringe actual	Burden	9610
Fringe Actual Credit	Fringe actual credit	Burden	9620
Fringe Provisional	Fringe	Burden	9630
Fringe Provisional	Fringe provisional credit	Burden	9640

C

GA Actual	General and administrative actual	Burden	9810
GA Actual Credit	General and administrative actual credit	Burden	9820
GA Provisional	General and administrative prov	Burden	9830
GA Provisional Credi	General and administrative prov credit	Burden	9840
OHCL Actual	Overhead client site actual	Burden	9710
OHCL Actual Credit	Overhead client site actual credit	Burden	9720
OHCL Prov	Overhead client site provisional	Burden	9730
OHCL Prov Credit	Overhead client site credit	Burden	9740
OHCO Actual	Overhead company site actual	Burden	9670
OHCO Actual Credit	Overhead company site actual credit	Burden	9680
OHCO Prov	Overhead company site provisional	Burden	9690
OHCO Prov Credit	Overhead company site credit	Burden	9695

Cost Pools

In the four pools, fringe is allocated first followed by overhead and G&A. The sequence in which the pools are setup is important.

Sequence	Name	Actual Category	Actual Category Offset	Provisional Category	Provisional Category Offset	Department Set
1	Fringe Overhead	Fringe Actual	Fringe Actual Credit	Fringe Provisional	Fringe Provisional C	All
2	Company	OHCO Actual	OHCO Actual Credit	OHCO Prov	OHCO Prov Credit	Company Site
3	Overhead Client	OHCL Actual	OHCL Actual Credit	OHCL Prov	OHCL Prov Credit	Client Site
4	G&A	GA Actual	GA Actual Credit	GA Provisional	GA Provisional Credi	All

Note: There are additional setups including the "pool cost and base", allocation, and provisional rate

I – Labor distribution

Government contractors must calculate the true cost of an employee working on a project. In order to do this the labor distribution function is run. This function takes the employee's (worker) gross wages and distributes the cost based on hours to all lines in the timesheet. The labor distribution function is run from the hour journal.

The labor distribution looks at the pay rate setup on a worker record.

Effective Date	Salaried Pay Cycle Amount	Hourly Amount
1/1/2013	1,000.00	0
1/8/2014	1,184.00	0

J – Invoicing

Government contractors have fixed, time & material and cost plus projects. Cost plus project setup is described below. The other two are normal Dynamics.

Note: Projects must have at-least one activity

Billing Formula

The billing formula is the mechanism that allows us to configure a cost plus project. The billing formula to use is setup on the activity form. A cost plus formula has four elements. Labor, non-labor which is billed at actual cost, burdens which are billed at provisional rates and fee calculation. The formula allows the user to configure how each one of the elements is calculated.

Billing formula Id	Description	Control	Labor	Non-Labor	Burden On	Fee
CPFF	Cost plus fixed fee	Formula	Cost	Cost	Both	Both
TM	Time and Material	Formula	Sales Price	Cost	None	None

Note: The labor column for a cost plus formula. During labor distribution the sales price column is populated with the cost price in the hour journal line

Billing Pool

The billing pool is setup to calculate burdens on an invoice. It is selected on an activity.

Sequence	Name	Department Set Name	Cost Pool for Provisional Rate
1	Fringe	All	1
2	Overhead Company Site	Company Site	2
3	Overhead Client Site	Client Site	3
4	G&A	All	4

Invoice proposal

The invoice is created the same way as normal DYNAMICS.

K – Reports

Project Status

Project status is a summary report that prints in a similar fashion to a profit and loss statement.

Project Revenue Summary

This report prints each project as a one line summary. It shows cost, and revenue by month, year and inception to date.

Labor analysis

This report is used to analyze labor, both posted and un-posted