

Course ID: FIN 210

Course: Create and Amend Contracts

Course Overview

Course Description	<p>This course provides a comprehensive review of the Customer Contracts processes.</p> <p>This course consists of the following modules:</p> <ul style="list-style-type: none">• Module 1: Course Introduction• Module 2: Create and Amend Contracts• Module 3: Course Summary
Training Audiences	<ul style="list-style-type: none">• Department Contract Administrator• Department Contract Manager• Department Grant Administrator• Department Grant Manager
Prerequisites	<ul style="list-style-type: none">• ERP 101 – Overview of INFORMS• ERP 102 – INFORMS Navigation, Reporting, and Online Help• FIN 101 – Financials Fundamentals• FIN 301 – Managing the General Ledger• FIN 209A – Create, Maintain, Budget Operating and Grant Projects
Estimated Duration	<ul style="list-style-type: none">• 2 Hours

Course Outline

Content

Module 1: Course Introduction

Module 2: Create and Amend Contracts

- Lesson 1: Create Contracts
 - Lecture 1: Establish a Contract Header
 - Lecture 2: Enter Contract Lines
 - Lecture 3: Amount Allocation
 - Lecture 4: Associate Contract Lines to Projects/Activities
 - Lecture 5: Accounting Distribution
 - Lecture 6: Bill Plan
 - Lecture 7: Revenue Plan
 - Lecture 8: Activate Contract

Course Outline

Content

- Lesson 2: Amend Contracts
 - Lecture 1: Amending Contracts
 - Lecture 2: Amendment to Amount Allocation
- Lesson 3: Contracts-to-Billing Process
 - Lecture 1: Generating Invoices and Recognizing Revenue for Awards
- Lesson 4: Reports
 - Lecture 1: Running and Viewing Reports

Module 3: Course Summary

Module 1: Course Introduction

Module Topics

Course Administration and Logistics

Learning Objectives

Roles and Responsibilities

Navigation

Key Changes to the Business Process

The End-to-End Business Process

Introduction to Demonstrations, Activities, and Exercises

Course Administration and Logistics



To receive credit for completing this course, you must record your attendance at the beginning and end of class



Please turn off your cell phones and refrain from checking email and the Internet while in class



Actively participate in class



Take Breaks at scheduled times



Ask questions; this is your time to learn



Be back from Breaks on time

Learning Objectives

At the conclusion of this course, participants will be able to:

- Create a Rate Based Customer Contract
- Create an Amount Based Customer Contract
- Amend a Customer Contract
- Bill a Customer Contract

Roles and Responsibilities

The roles and responsibilities associated with the Business Processes include:

Role	Responsibilities
Department Contract Administrator	The Department Contract Administrator is responsible for <i>creating</i> customer contracts for internal, external, and grant billing
Department Contract Manager	The Department Contract Manager is responsible for reviewing and activating customer contracts for the department.
Department Grant Administrator	The Department Grant Administrator is responsible for establishing and submitting grant proposals, generating awards, reporting and managing the grant.
Department Grant Manager	The Department Grant Manager will have the ability to view and approve proposals and generate reports.

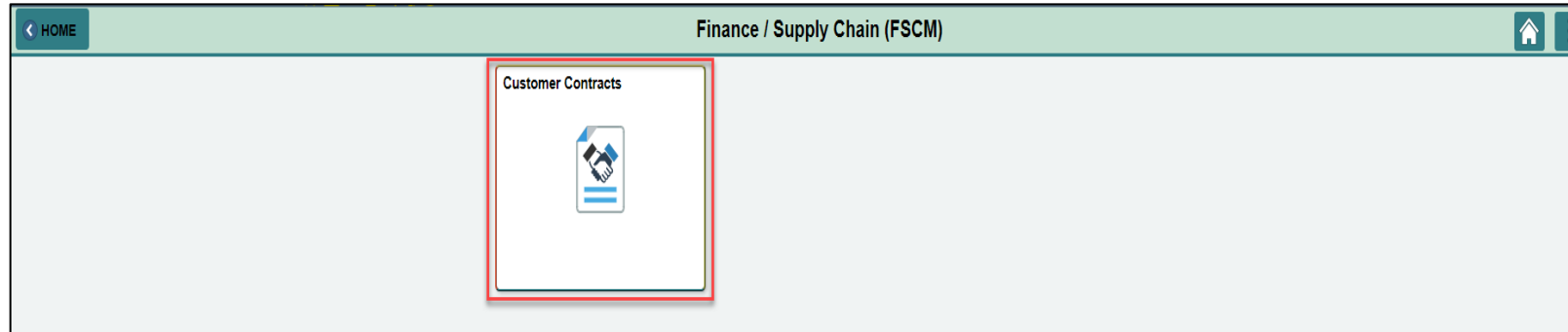
Navigation

1. Login to INFORMS and select **Finance/ Supply Chain (FSCM)** from the home landing page below.

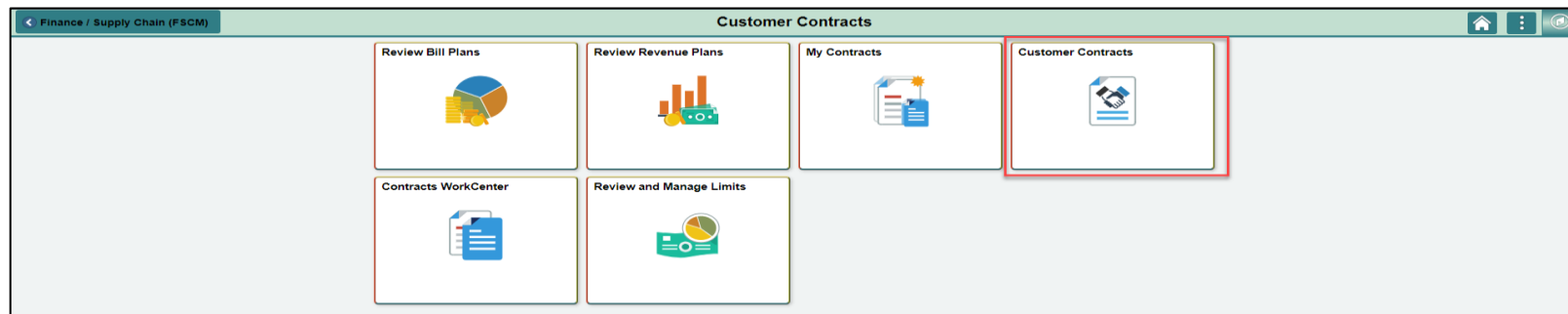


Navigation

2. Select Customer Contracts



3. Select Customer Contracts



Key Changes to the Business Process

- Chart of Accounts-For grant contracts, users must first create a Grant Chartfield.
- Grants will be tracked as Grants ChartField and departments will create Grants in the Grant Management Module.
- Grants will require a Project.
- Customer Contracts will be used to automate the billing projects expenditures to customers.

Key Changes to the Business Process

- Costs will be tracked in the Projecting Costing module.
- Project transactions will now be tracked in Project Costing instead of the General Ledger.
- Reports will be generated out of Project Costing, Customer Contracts, Grants, Billing, and General Ledger modules.

Key Changes to the Business Process

Benefits of the Customer Contract Process:

- Streamline billing by gathering transactions, applying contractual rates and schedules and sending billable transactions to the Billing module.
- Downstream finalization, printing and integrations to Accounts Receivable and the General Ledger.
- Analyze project profitability by using costs captured in Project Costing and revenue recognized in Contracts.

The End-to-End Business Process

INFORMS Customer Contracts is used to define products, specify the terms and conditions of a contract, the time and method of billing, and method for recognizing revenue.

- The Department Contract Administrator creates the customer contract, the contract lines and associates the Project and Activities to the Customer Lines.
- The Department Contract Manager reviews and activates the contract.

The End-to-End Business Process

Pre-requisties of generating a contract:

- A Grant ChartField is created first for grant related contracts.
- A project must be open and activated.
- A sponsor must be setup to use Customer contracts.

CUSTOMER CONTRACTS

Business Process



CC ROLES



The **Department Contract Administrator** is responsible for creating customer contracts for internal, external, and grant billing.



The **Department Contract Manager** is responsible for reviewing and activating customer contracts for the department.



The **Department AP Processor** is responsible for entering, researching, and deleting Vouchers.



The **Department Journal Entry Processor** is responsible for the creation of journals.



The **PO Department Processor** has the ability to create and update Purchase orders prior to final PO approval.



The **Department BI Processor** is responsible for entering invoices within the BI Module.

Introduction to Demonstrations, Activities, and Exercises

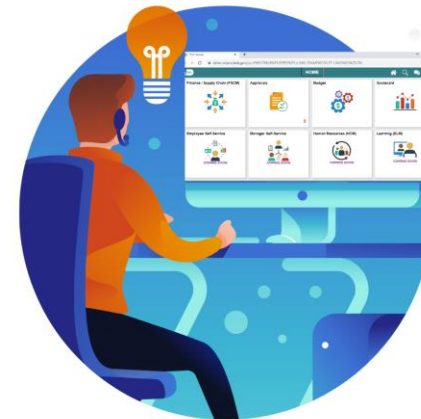
Users will take part in three levels of group and individual activities throughout this course:



Instructor
Demonstrations



Training
Activities



Training
Exercises

Module 1: Course Introduction Summary

Module Topics

Customer Contracts enables billing of project charges

For Customer Contracts with Grants a Grant ChartField needs to be created

A project needs to be created and activated

A customer needs to be created

A contract and contract lines need to be created

Department Administrator creates the contract and contract line

Department Manager reviews and activates the contract

Module 2: Create and Amend Contracts

Module Topics

Module Introduction

Lesson 1: Create Contracts

Lesson 2: Amend Contracts

Lesson 3: Contracts-to-Billing Process

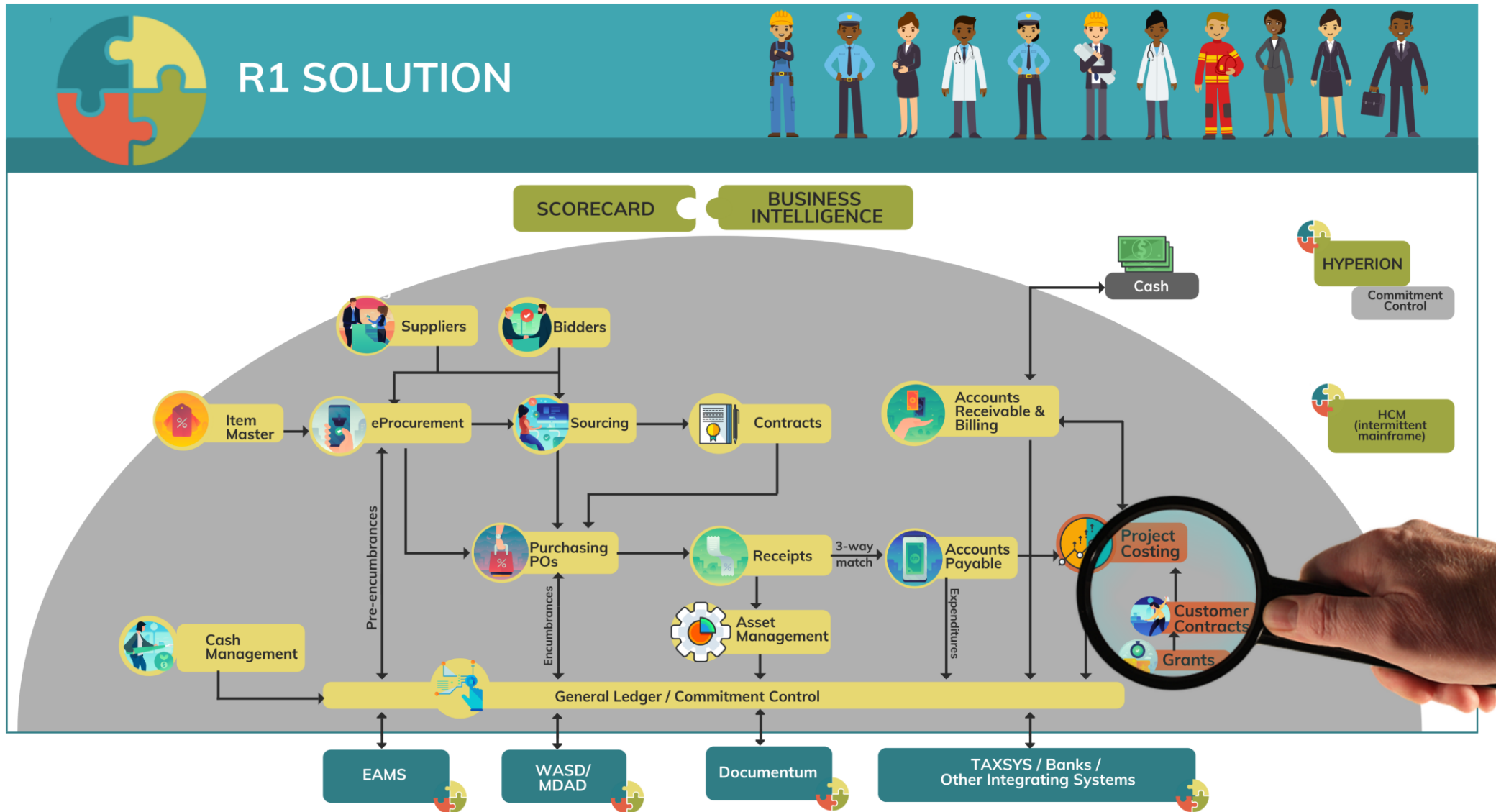
Lesson 4: Reports

Lesson 1: Create Contracts

At the conclusion of this lesson, participants will be able to:

- Establish a Contract Header
- Add Contract Lines
- Establish Amount Allocation
- Associate Contract lines to Projects and Activities
- Enter Accounting Distribution
- Create a Bill Plan
- Create a Revenue Plan
- Activate a Contract

Lesson 1: Business Process Overview



Lesson 1: Business Process Overview

CUSTOMER CONTRACTS Business Process



CC ROLES



The **Department Contract Administrator** is responsible for creating customer contracts for internal, external, and grant billing.



The **Department Contract Manager** is responsible for reviewing and activating customer contracts for the department.



The **Department AP Processor** is responsible for entering, researching, and deleting Vouchers.



The **Department Journal Entry Processor** is responsible for the creation of journals.



The **PO Department Processor** has the ability to create and update Purchase orders prior to final PO approval.



The **Department BI Processor** is responsible for entering invoices within the BI Module.

Lesson 1: Key Terms

Term	Definition
Contract	Manages and controls billing and revenue associated to an award or internal billing agreement. Some controls include the timing of billing, invoice formats, billing limits, and can place bills on hold.
Contract Business Unit	An entity that controls billing and revenue for an agency. In INFORMS, every Business Unit (BU) that requires federal reimbursement or intra-unit billing will be establishing a contract BU and a BI BU.
Contract Line	A contract designation that represents a major deliverable on an agreement. Contract Line is used also to associate projects and activities to the contract.
Sponsor (Customer)	The Sponsor represents the Grants funding source. The customer who will be invoiced for expense reimbursements associated with the award.

Lesson 1: Key Terms

Term	Definition
INFORMS Customer Contracts	Enables users to create and execute revenue-generating contracts. Use this to define products, specify the terms and conditions of a contract, the time and method of billing, and a method for recognizing revenue.
Contract Bill Plan	The Bill Plan defines the schedule, parameters and configuration of the Customer invoice. A Contract manages the billing process through the creation of Billing plans. Each contract line product is tied to a billing plan.
Contract Revenue Plan	The Contract Revenue Plan defines how and when customer revenue will be recognized for accounting purposes.

Lesson 1: Key Terms

Term	Definition
Product	A Product represents the basis for the Contract Line and determines what type of Contract will be created. Products are associated with a set of attributes that include pricing structure, tax parameters, and accounting information.
Price Type	Contract Products are classified into types. The price type that is selected for a product determines the details that the user defines for that product and the billing and revenue recognition methods with which the user can associate the product.

Lecture 1: Establish a Contract Header

A Contract consists of two levels:

- The Contract Header
- The Contract Line

The Contract Header:

- Contains information relevant to the entire contract.
- Relates one-to-many with the Contract Line.
- Stores agreement information relevant to all the products and services that the users are licensing through the Contract.

Lecture 1: Establish a Contract Header

The Contract Header (cont.):

- Agreement information may include customer information, terms and conditions, contract sign dates, etc.
- Stored at the header level is any administrative information, such as notes and support teams that are associated with the entire contract.
- Serves as the core of the agreement; noting customer information, start and end dates, and other configuration defaults; these defaults can be overwritten.

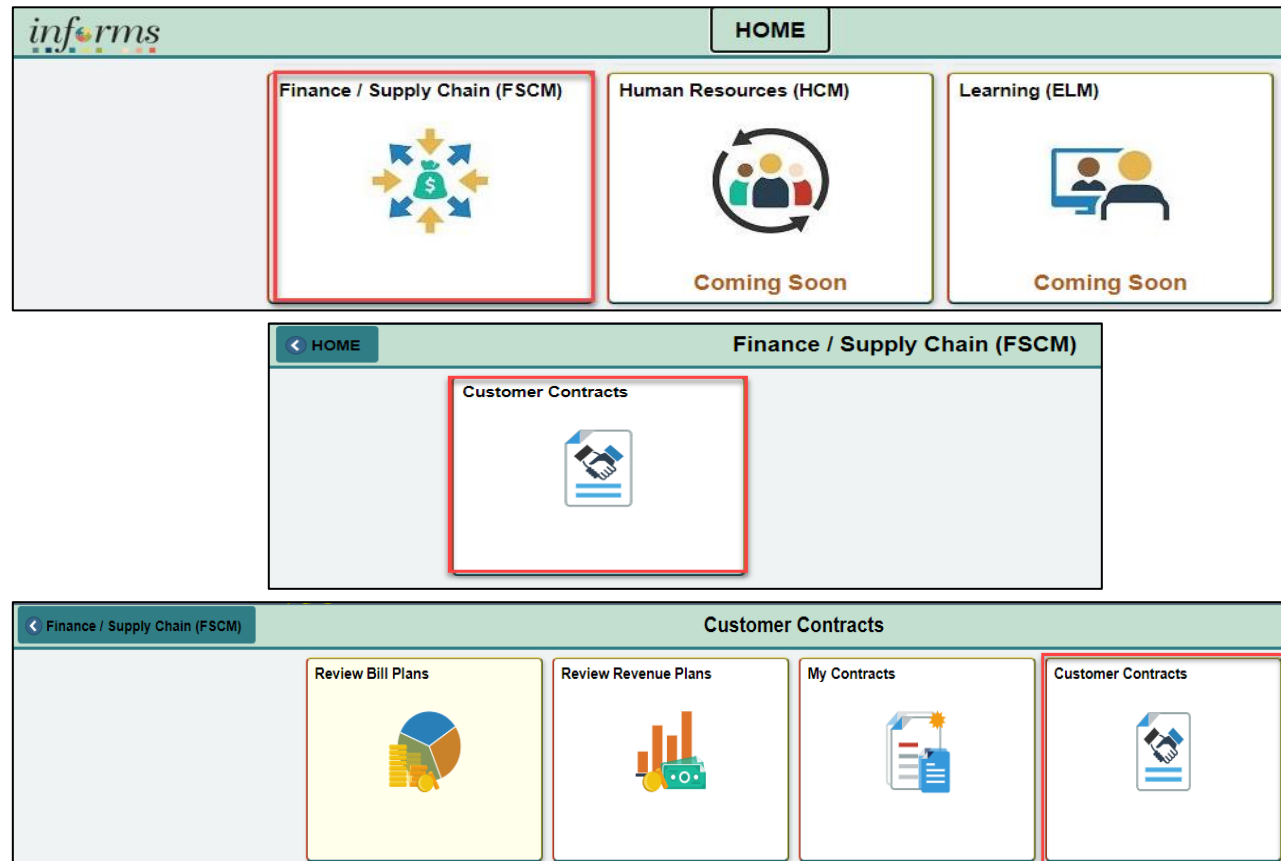
Lecture 1: Establish a Contract Header

INFORMS Contracts module can support multiple contractual relationships such as:

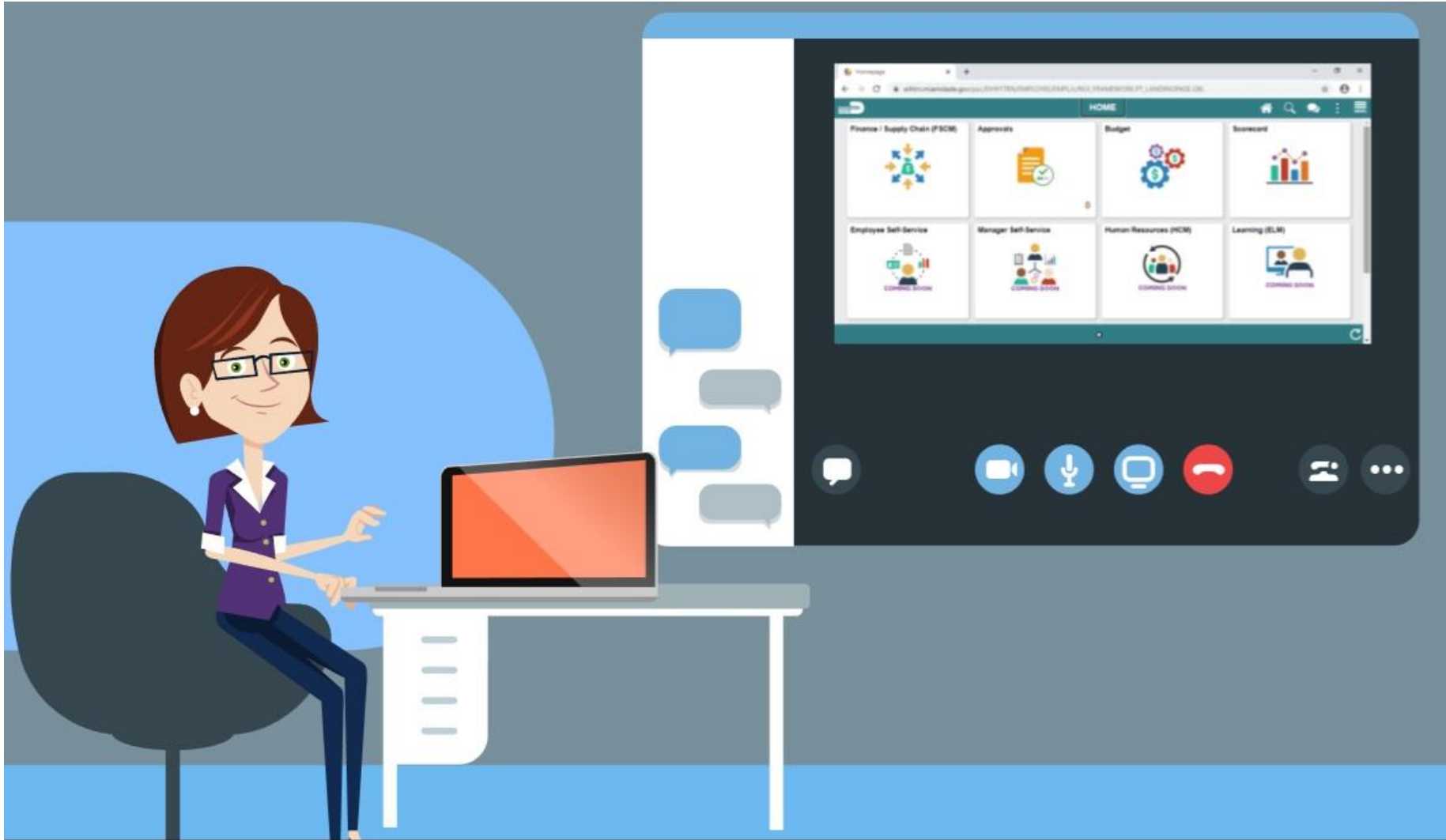
- Individual contracts
- Multiple contracts per customer
- One contract per service provided
- One contract for multiple services

Lecture 1: Establish a Contract Header

Navigate to: **Finance/Supply Chain (FSCM) > Customer Contracts > Customer Contracts**



Lesson 1: Activities and Exercises



Lecture 2: Enter Contract Lines

- Adding contract lines to the contract can begin after a contract header is created in the INFORMS Contracts module.
- A contract line corresponds to a grant deliverable or when used internally, as a link to bill internal resources.

Lecture 2: Enter Contract Lines

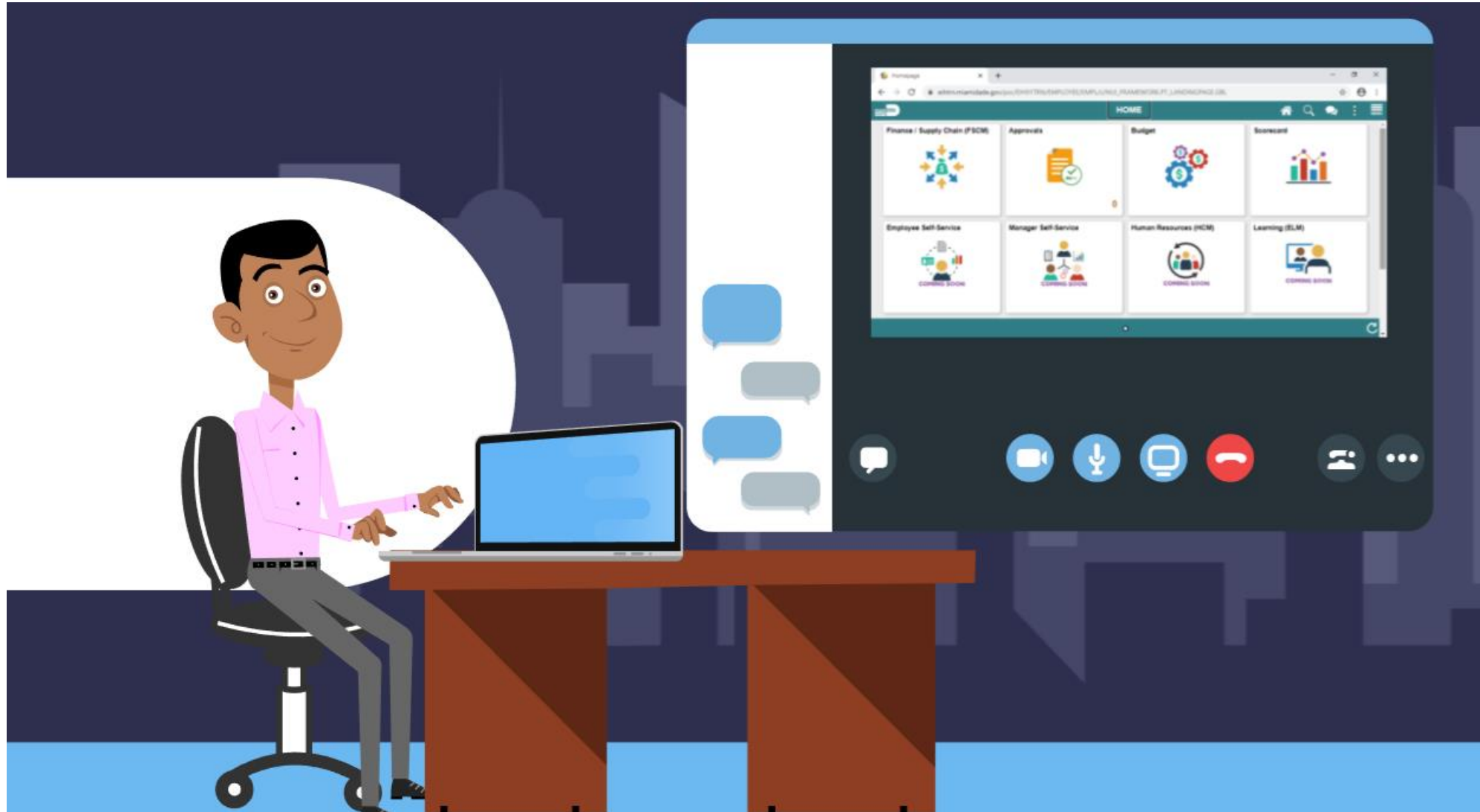
Contract Lines:

- Comprised of the goods and services that are sold to customers
- Represent a unique contract product that is associated with its own accounting distributions, projects, activities, and billing revenue plans
- Enable the user to control deferred revenue data at the contract line level

Lecture 3: Amount Allocation

- After a contract is created and contract lines are selected, the next step in defining contract lines is to allocate the contract amounts across contract lines.
- When allocating contract amounts across contract lines, consider that the contract amount allocation is required before a contract can be activated.

Lesson 1: Activities and Exercises



Lecture 4: Associate Contract Lines to Projects/Activities

Contract Terms:

- Are established to associate lines to projects and activities. This action links transactions within projects to contracts billing and revenue processing.
- Without this link, those transactions within a project will never generate billable rows. This process entails: how to add a contract line to one or more project activities.

Lecture 4: Associate Contract Lines to Projects/Activities

Using the **Related Projects** page in Contracts allows the user to:

- Link the contract lines to existing projects and activities.
- Associate rate sets and rate plans with rate-based contract lines to create billable rows.

Lecture 4: Associate Contract Lines to Projects/Activities

Contract Terms

Field	Action	Comment
PC Business Unit	Select the business unit	This value should be equal to the Contracts Business Unit.
Associated Rates – Effective Date	Enter the Effective Date for the Associated Rate	Use the <i>Associated Rates</i> section of the page to define the Rate Set that will be used to Price Project Transactions
Associated Rate – Status	N/A	Verify default status is set to Active
Associated Rate – Rate Selection	N/A	Verify default value of Rate Set
Associated Rate – Rate Set	GRANT_NOMATCH	This value will be based on the Rate Set that will be used to Price Project Transactions
Project	Select a Project to associate with this Contract Line	The associated project should have been created prior to creating the customer contract
Activity	Select an Activity for the Project defined	The associated activity should have been created prior to creating the customer contract

Lesson 1: Activities and Exercises



Lecture 5: Accounting Distribution

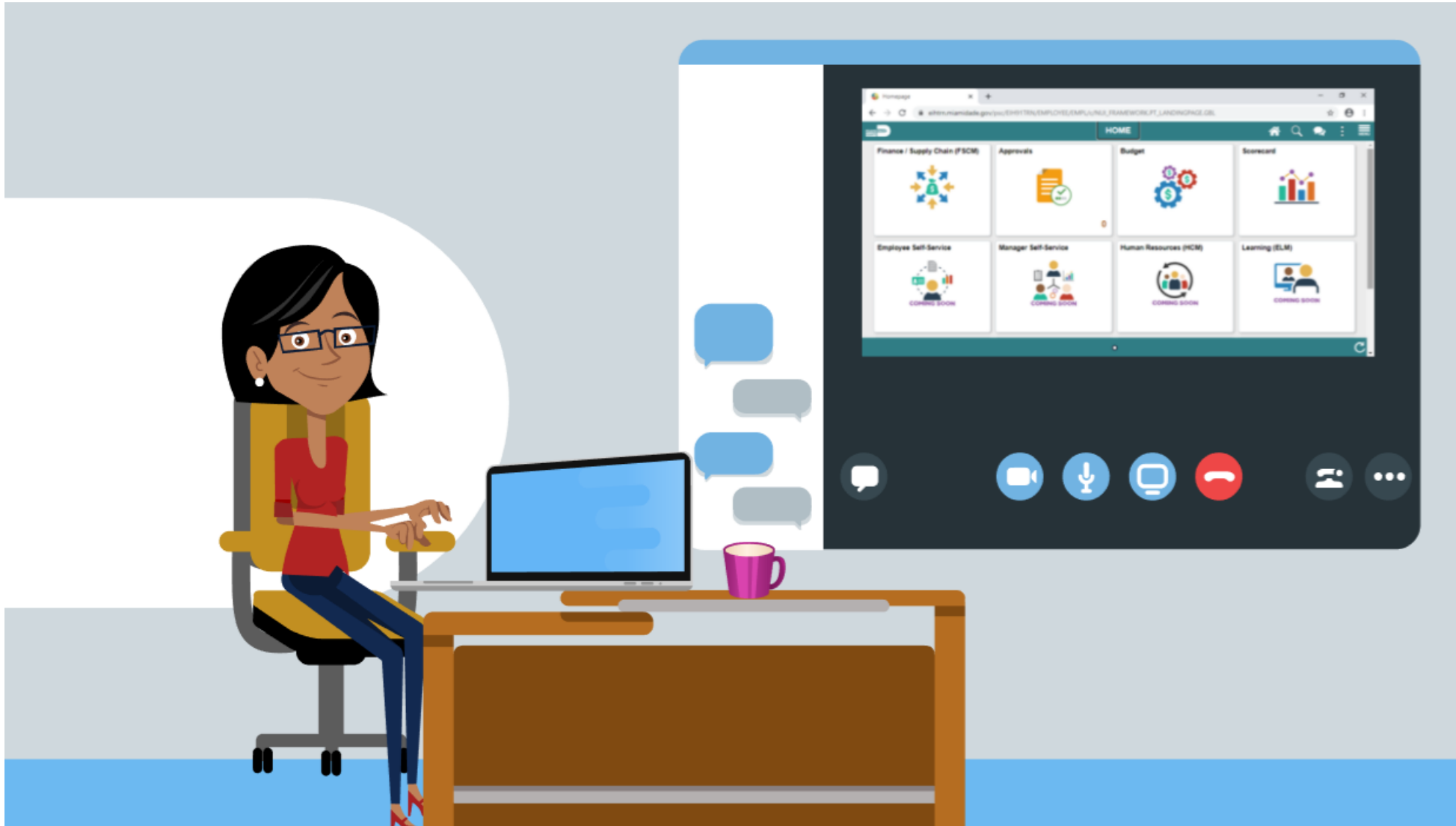
Accounting Distribution Page:

- Used to establish Revenue Forecast (optional) and Unbilled Accounts Receivable accounting entries.
- *While required*, does not control Accounting Entries for a Rate Based contract. Those entries are controlled by the Accounting Rules defined for the Project. The Accounting Rules have been defined.
- When updating this page during the Contract creation process, users may need to enter “Correction Mode” to update the value on the page. Use **Correct History** tab, if necessary.

Lecture 5: Accounting Distribution

Field	Action	Comment
Effective Date	This is generally the contract begin date	
GL Unit	N/A	Verify default value of MDADE
Revenue Forecast	<i>Enter ChartFields:</i> <ul style="list-style-type: none">• Dept• Account	
Contract Asset	<i>Enter ChartFields:</i> <ul style="list-style-type: none">• Fund• Dept• Account• Grant• Project	Populate the remaining ChartField values based on Unbilled AR accounting entry requirements. <i>The Grant ChartField must be requested prior to creating a customer contract.</i>

Lesson 1: Activities and Exercises



Lecture 6: Bill Plan

The Assign Billing Plan page allows users to define a Bill Plan for each Contract Line.

Lecture 6: Bill Plan

The Bill Plan:

- defines the schedule, parameters, and configuration of the Customer invoice.
- A Contract manages the billing process through the creation of Billing plans. Billing plans are Contract specific.
- Stores the schedule of billing events and the corresponding bill lines for these events. Each contract line product is tied to a billing plan.

Lecture 7: Revenue Plan

- The **Assign Revenue Plan** page allows the user to define a Revenue Plan for each Contract Line.
- The **Contract Revenue Plan** defines how and when customer revenue will be recognized for accounting purposes.

Lesson 1: Activities and Exercises



Lecture 8: Activate Contract

Activate a Contract

- The Contract status displays a value that provides a visual indicator of where the contract is within the contract life cycle. This element controls what processing can occur against the contract.
- When users define a new contract, the default contract status of 'Pending' appears; once the contract is activated, or placed in an 'Active' status, the Contract is ready for Billing and Revenue Recognition.
- **NOTE:** Users must have the role of Department Contract Manager to activate a Customer Contract.

Lesson 2: Amend Contracts

At the conclusion of this lesson, you will be able to:

- Amend Contracts

Lesson 2: Business Process Overview

CUSTOMER CONTRACTS Business Process



CC ROLES



The **Department Contract Administrator** is responsible for creating customer contracts for internal, external, and grant billing.



The **Department Contract Manager** is responsible for reviewing and activating customer contracts for the department.



The **Department AP Processor** is responsible for entering, researching, and deleting Vouchers.



The **Department Journal Entry Processor** is responsible for the creation of journals.



The **PO Department Processor** has the ability to create and update Purchase orders prior to final PO approval.



The **Department BI Processor** is responsible for entering invoices within the BI Module.

Lesson 2: Key Terms

Term	Definition
Amendment	Required process within a contract shall any terms or amounts be changed due to additional funding or scope.
Contract	Manages and controls billing and revenue associated to an award or internal billing agreement. Some controls include the timing of billing, invoice formats, billing limits, and can place bills on hold.
Contract Line	A contract designation that represents a major deliverable on an agreement. Contract Line is used also to associate projects and activities to the contract.

Lecture 1: Amending Contracts

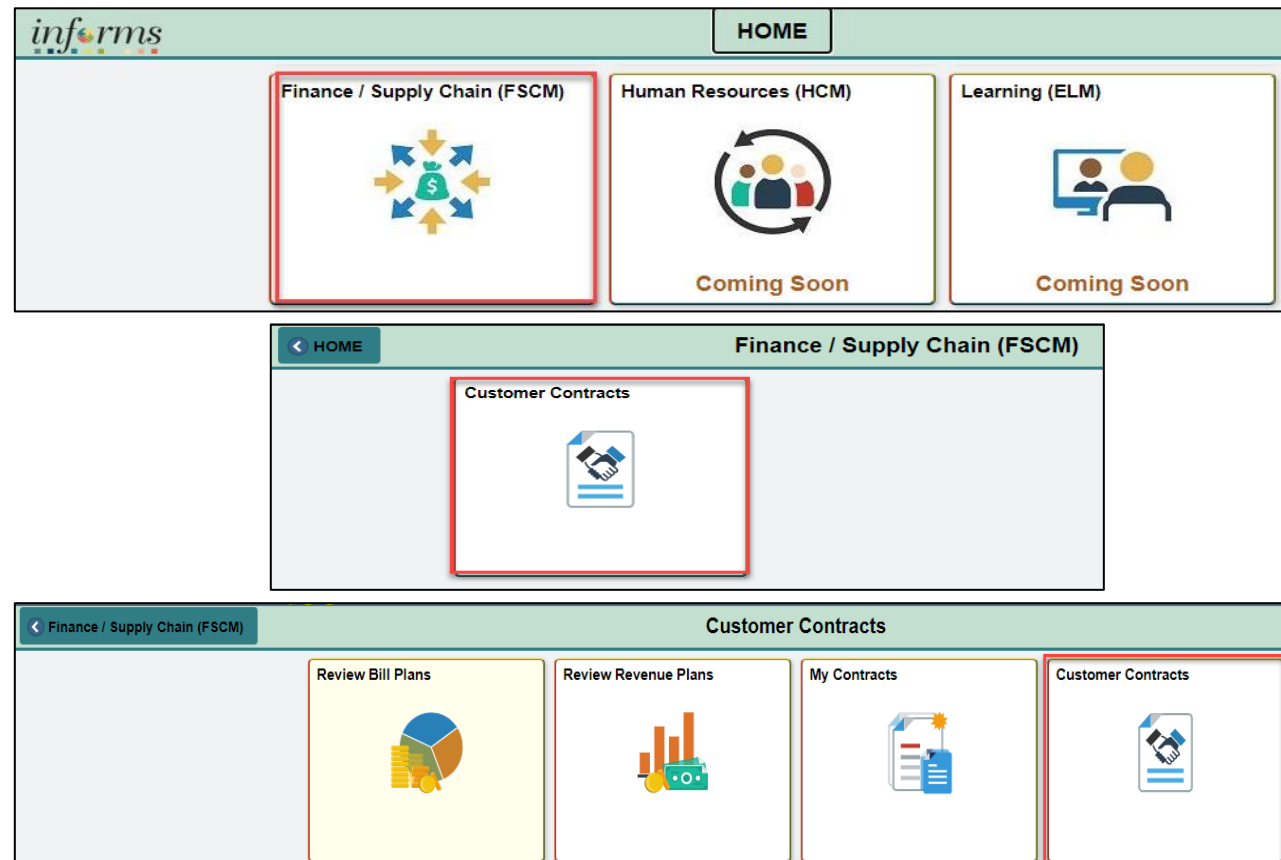
- A Contract Amendment is required to make changes to an Active Contract that impacts the core data elements of the Contract.
- Contract Amendments are initiated from the Contract component that is used to initially create and save the Contract.

Lecture 1: Amending Contracts

- An Amendment can be done for Additional Funding or for a Change in the scope of the Contract.
- The Department Contract Administrator is responsible for creating the Amendment.
- The Department Contract Manager reviews and sets the status to 'Ready' and processes the Amendment.

Lecture 1: Amending Contracts

Navigate to: **Finance/Supply Chain (FSCM) > Customer Contracts > Customer Contracts**



Lecture 2: Amendment to Amount Allocation

This Lecture covers adjusting the billing limit through the Amount Allocation Page.

Once the Amendment is added, users will need to adjust the billing limit through the Amount Allocation Page.

The screenshot displays the 'Amendment Billing Allocation' page. At the top, there are tabs for 'Amendment Billing Allocation' (selected) and 'Amendment Revenue Allocation'. Below the tabs, contract and amendment details are listed: Contract FR999901, Business Unit FR, Sold To USDHS, Currency USD, US Department of Homeland Security, Amendment 0000000001, Amendment Type Additional Funding, and Amendment Reason Additional Funding.

The 'Contract Billing' section shows a 'Total Billing Adjustment' of 1,000.00 (highlighted with a red box) and 'Unallocated Billing' of 0.00. The 'Total Billing After Adjustment' is 20,000.00.

The 'Fixed Billing' section shows 'Fixed Billing Adjustment' of 0.00, 'Discount / Surcharge' of 0.00, and 'Net Adjustment' of 0.00. It also shows 'Unallocated Fixed Billing' of 0.00 and 'Inclusive Prepays Adjustment' of 0.00. The 'Allocation' dropdown is set to 'Incomplete' (highlighted with a red box). A green 'Recalculate' button is visible.

The 'Contract Line Pricing' section features a table with columns: Retrieve Billing Price, Line Number, Product, Current Billing Limit, New Billing Limit, Adjustment Billing Limit, Limit Check, and Related Revenue Amount. The table has two rows for 'GRANT_NOMATCH' products. The 'New Billing Limit' for line 1 is 10,700.00 and for line 2 is 10,200.00, both highlighted with red boxes. The 'Limit Check' column has buttons labeled 'Limit Check'.

Retrieve Billing Price	Line Number	Product	Current Billing Limit	New Billing Limit	Adjustment Billing Limit	Limit Check	Related Revenue Amount
<input type="checkbox"/>	1	GRANT_NOMATCH	10,000.00	10,700.00		Limit Check	7
<input type="checkbox"/>	2	GRANT_NOMATCH	10,000.00	10,200.00		Limit Check	7

Lesson 2: Activities and Exercises



Lesson 3: Contracts-to-Billing Process

At the conclusion of this lesson, users will have an:

- Overview of the scheduled Contracts to Billing process.

Lesson 3: Business Process Overview

CUSTOMER CONTRACTS Business Process



CC ROLES



The **Department Contract Administrator** is responsible for creating customer contracts for internal, external, and grant billing.



The **Department Contract Manager** is responsible for reviewing and activating customer contracts for the department.



The **Department AP Processor** is responsible for entering, researching, and deleting Vouchers.



The **Department Journal Entry Processor** is responsible for the creation of journals.



The **PO Department Processor** has the ability to create and update Purchase orders prior to final PO approval.



The **Department BI Processor** is responsible for entering invoices within the BI Module.

Lecture 1: Generating Invoices and Recognizing Revenue for Awards

Invoice Generation

- When Contract Bill Plans are created, set to Ready status and the Contract to which the Bill Plan is linked is Activated, Customer bills can be released to the Billing Module.
- There are different batch processes that release Contract billing for Amount Based Contracts and Rate Based Contracts.
 - While each type of Contract uses a different page from which the process will be executed, each Contract executes the Contracts to Billing Interface (CA_BI_INTFC) Batch Process.

Lecture 1: Generating Invoices and Recognizing Revenue for Awards

- In Projects, expenditures are captured.
 - When expenditures meet billing rules, they create Billable Amount (BIL) transactions within Project Costing.
 - The award establishes a contract that is then linked to that project.
- The process to generate an invoice captures those BIL transactions and readies them for billing.
 - The first step in readying them for billing is running the two processes of: process as-incurred billing and process-amount based-billing. These processes stage all the transactions necessary for the billing interface process, which must be run.

Lecture 1: Generating Invoices and Recognizing Revenue for Awards

- The billing interface process creates bills.
 - Temporary bills are routed to the billing worksheet, where the billing administrator can review bills and amend them as needed.
 - The worksheet creates a TMP (temporary bill) with a status of TMR (temporary) that then can be further processed into a real bill.

Lecture 1: Generating Invoices and Recognizing Revenue for Awards

- This finalization completes the actual billing process; however, Projects needs to be updated with that completion of the invoice.
 - To update the tables in Project Costing and Customer Contracts, the billing to project batch process will automatically run a on a daily schedule.
 - The billing information such as invoice number, invoice date, etc. is what is brought back to Project Costing through this process, and the BIL transaction is updated to a BLD (billed) transaction.

Lecture 1: Generating Invoices and Recognizing Revenue for Awards

Recognize Revenue

INFORMS Grants integrates with:

- INFORMS Project Costing
- INFORMS Contracts
 - To send revenue entries for award transactions to the General Ledger.

INFORMS uses:

- Revenue recognition plans
- The services accounting system
 - To book revenue entries to the General Ledger

Lecture 1: Generating Invoices and Recognizing Revenue for Awards

The method of revenue recognition for INFORMS Grants is the As Incurred Method. This method

- Is transaction-based revenue recognition
- Uses scheduled processing
- As an expenditure is incurred and processed into a BIL transaction, revenue is recognized.
- Is used with rate-based contract activity
- Typically used on cost-reimbursable grants.

Lecture 1: Generating Invoices and Recognizing Revenue for Awards

INFORMS allows revenue to occur without billing occurring. The system requires that revenue recognition processes be run.

- The most common revenue process from a Grants perspective is the Process Project Accounting Process which:
 - Creates a two-sided journal entry
 - Generates a debit to unbilled Accounts Receivable (AR)
 - Generates a credit to revenue
- The invoice finalization process relieves the unbilled AR and creates an AR.

Lesson 4: Reports

At the conclusion of this lesson, users will be able to:

- Run and view different types of reports

Lecture 1: Running and Viewing Reports

Reports Types are:

- Query
- BI Publisher
- Pivot Grid
 - Pivot Grid Only
 - Chart Only
 - Pivot Grid and Chart

Lecture 1: Available Reports

Term	Definition
Award Profile Inquiry Report	The purpose of the Award Profile Inquiry report is to provide a summary of Grant Awards connected to the Customer Contract information under a specific Business Unit.
Contracts Inquiry Report	<p>The purpose of the Contracts Inquiry report is to provide a summary of the Customer Contract and its associated projects and to guide the users to look at the specific project information through the report.</p> <p>The report provides the user the general information of the project such as:</p> <ul style="list-style-type: none">• Contract Header Information• Contract Line Information• Associated Projects and Activities

Lecture 1: Available Reports

Term	Definition
Projects Inquiry Report	<p>The purpose of the Project Inquiry report is to provide a summary of projects under a specific Business Unit.</p> <p>The report provides the user the general information of the project such as:</p> <ul style="list-style-type: none">• Header Information• Dates• Status• Project Manager Information• Project Location Information

Lecture 1: Available Reports

Term	Definition
Projects Transaction Inquiry Report	<p>The purpose of the Project Transaction Inquiry report is to provide a summary of the transactions for each project and activity for each business unit. The report will be published as a pivot grid so that an analysis of the amounts per analysis types can be visualized.</p> <p>The report provides the user the general information of the project such as:</p> <ul style="list-style-type: none">• Project Transaction Information• Chart of Accounts• Related Transactions

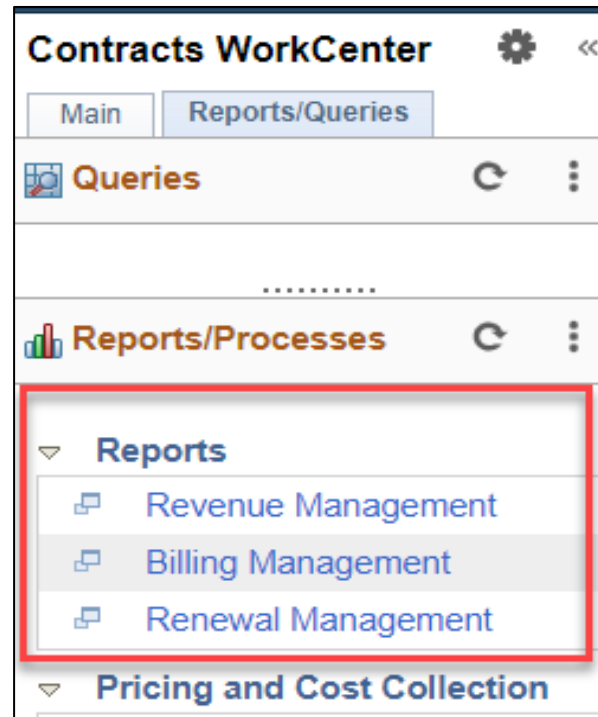
Lecture 1: Run a Query

Navigate to: **Finance/Supply Chain (FSCM) > Customer Contracts > Customer Contracts > Contracts WorkCenter > Reports/Queries > Queries** under the **Queries** Section



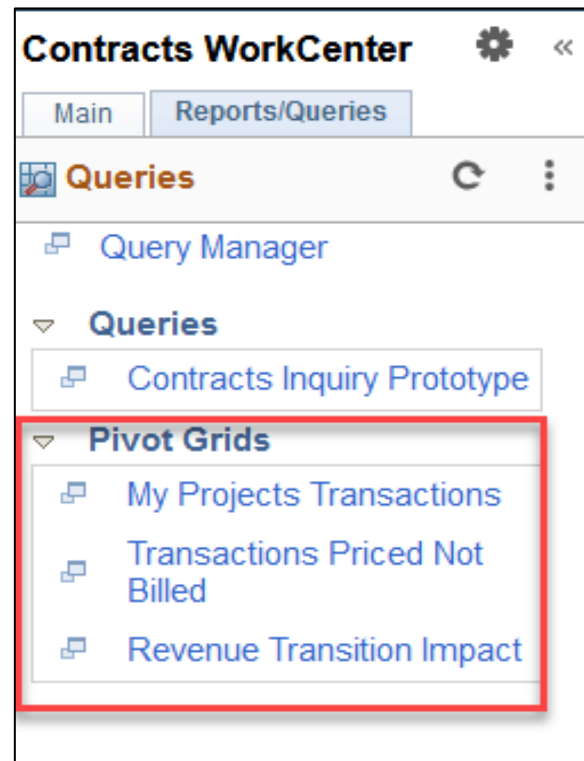
Lecture 1: Run a BI Publisher Report

Navigate to: **Finance/Supply Chain (FSCM) > Customer Contracts > Customer Contracts > Contracts WorkCenter > Reports/Queries > Reports** under the **Reports/Processes** Section



Lecture 1: Pivot Grid Reports

Navigate to: **Finance/Supply Chain (FSCM) > Customer Contracts > Customer Contracts > Contracts WorkCenter > Reports/Queries > Pivot Grid** under the **Pivot Grids** Section



Lesson 4: Activities and Exercises



Module 3: Course Summary

Module Topics

Course Content Summary

Additional Training and Job Aids

Course Evaluation

Course Content Summary

Congratulations! Users have completed the Create and Amend Contracts course. Users now should be able to:

- Create Contracts
- Amend Contracts
- Contracts-to-Billing Interface
- Contracts Reports



CONGRATULATIONS

You have successfully completed the *Create and Amend Contracts* course!

FIN 210 – Create and Amend Contracts