PA354_Creating Non-Federal Rate-Based Prepaid Contracts (VDOT)

Creating Non-Federal Rate-Based Prepaid Contracts Overview

There are some agreements which require the customer to pay their portion of project costs in advance of work being initiated on the project. In these cases, the advance payment from the customer is considered a prepaid.

A prepaid may be associated to a rate-based contract to allow the advance payment to be drawn down (utilized) as expenditures are incurred on the project and processed for billing. The revenue is recognized at the time the contract invoice is finalized in the billing module.

The prepaid may be added to the contract at the time a new contract is created or to an existing contract at the time the advance payment is received.

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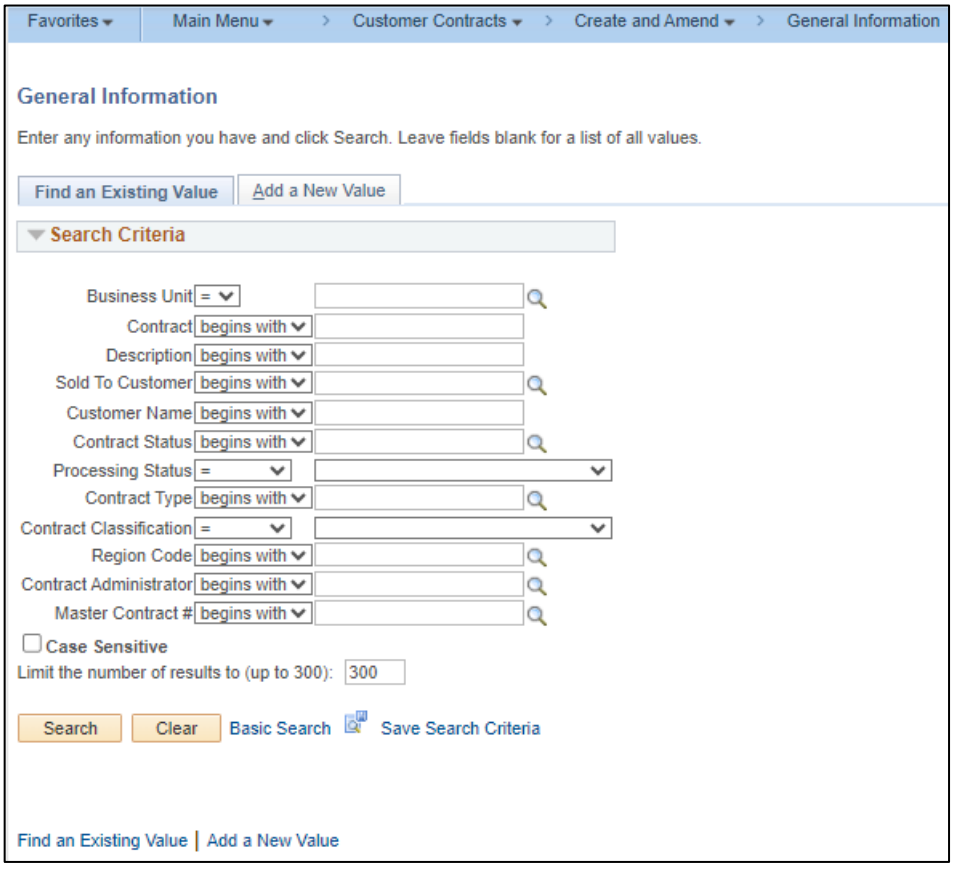
Setting up the Prepaid for a Non-Federal Rate-Based Contract

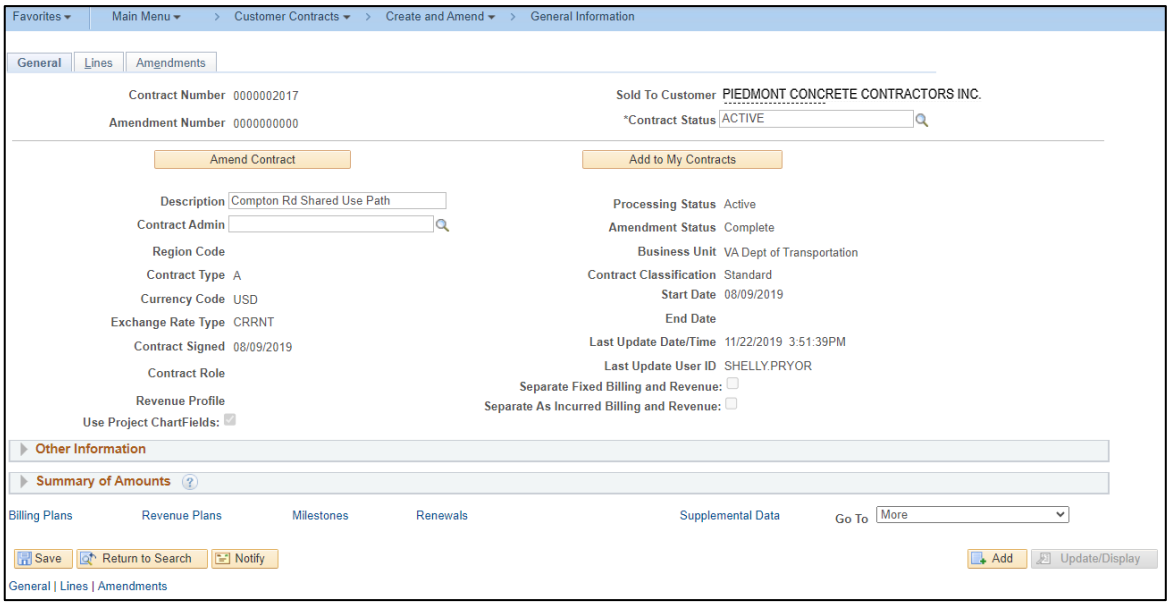
Step	Action
1.	Navigate to the **General Information** page for the rate-based contract using the following path: **Main Menu > Customer Contracts > Create and Amend > General Information** **Scenario**: we will add a prepaid to a **Pending** contract. To add a prepaid to an existing contract, you must first create an amendment and then follow the steps listed below, prior to processing the amendment.

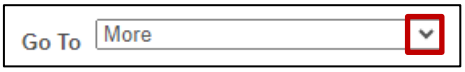
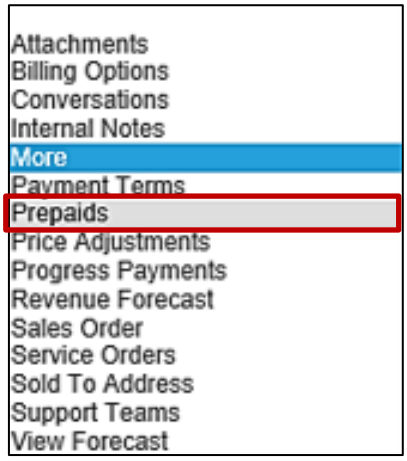
The **General Information** search page displays.



Step	Action
2.	Enter the contract number in the **Contract** field.
3.	Click the **Search** button.

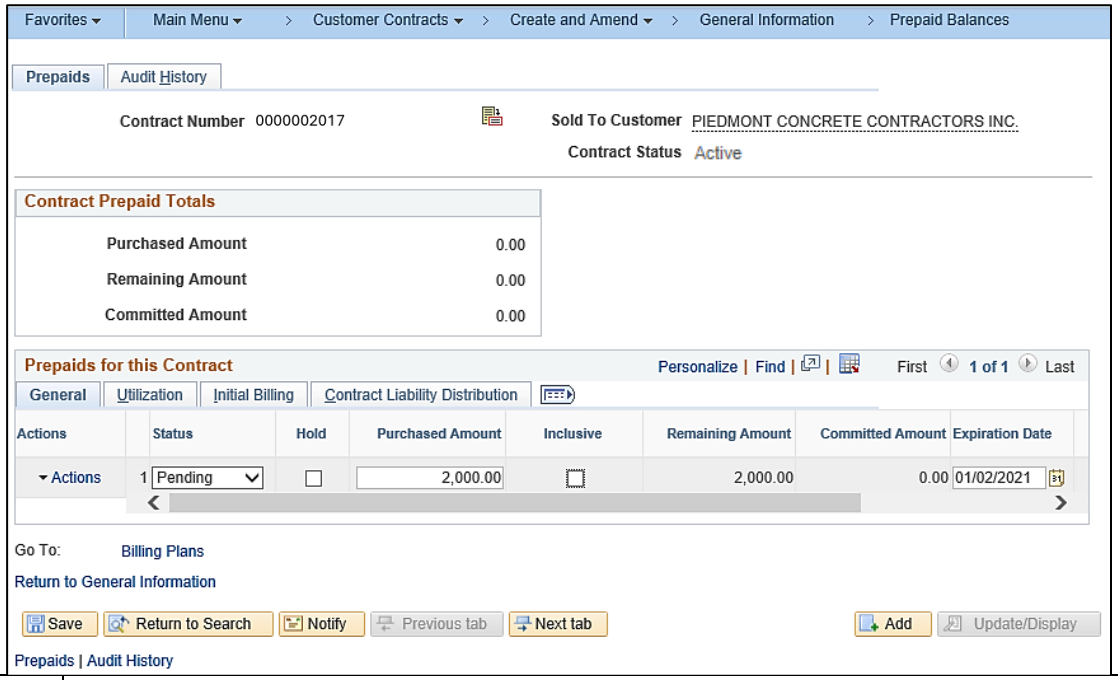
The **General Information** page displays.



4.	Click the **Go To** drop-down menu 
5.	Select **Prepaids**. 

Step	Action

The **Prepaids** section displays.



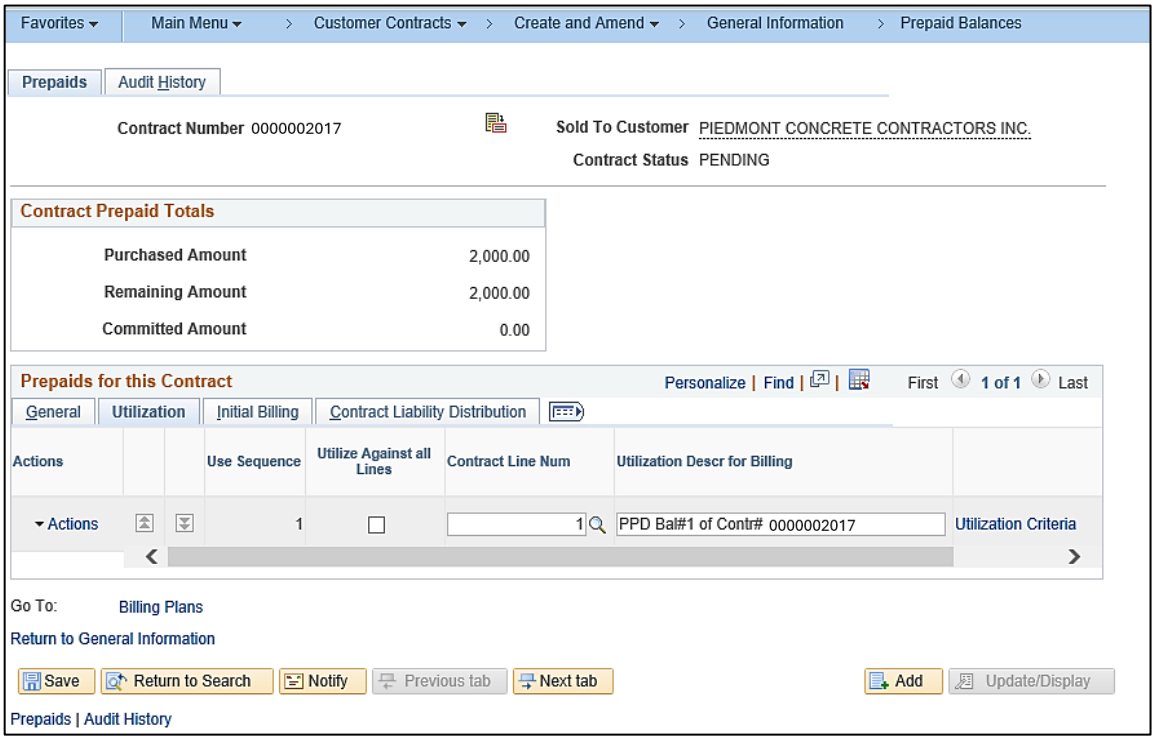
Note: In the **Prepaids for this Contract** section of the page, the status defaults as **Pending**.

6. In the **Purchased Amount** field, enter the amount of the prepaid that was paid in advance by the customer.

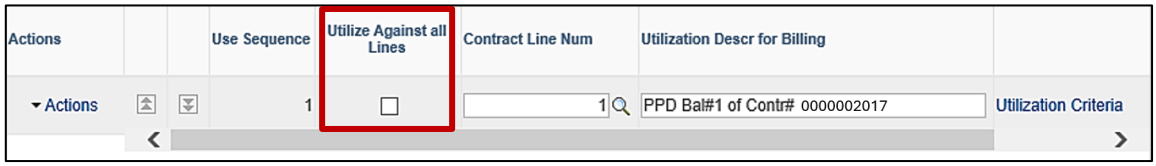
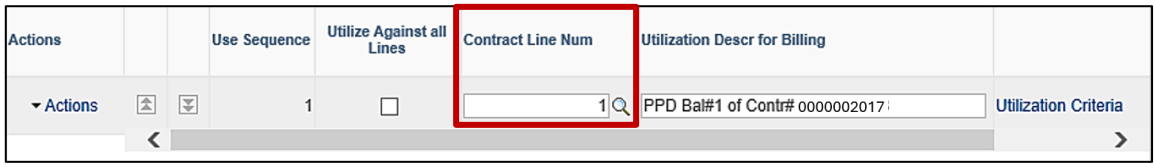
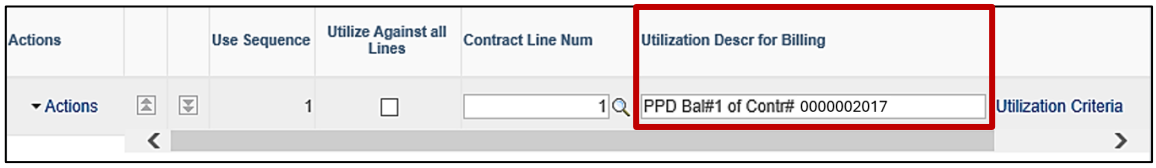
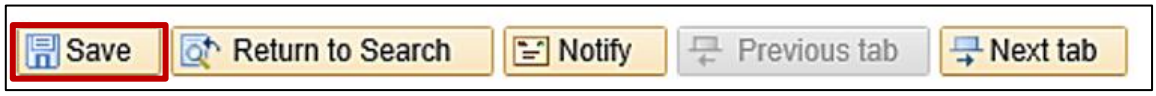
7. The **Inclusive** checkbox defaults as checked. Uncheck this checkbox. By unchecking it, it lets Cardinal know that the prepaid amount is not included in the total contract amount.

Step	Action
8.	In the **Expiration Date** field, enter an expiration date one year in the future for the prepaid. This field is for informational purposes only and will not impact processing.
9.	Click the **Utilization** tab.

The **Prepaids** section displays with the **Utilization** tab selected.

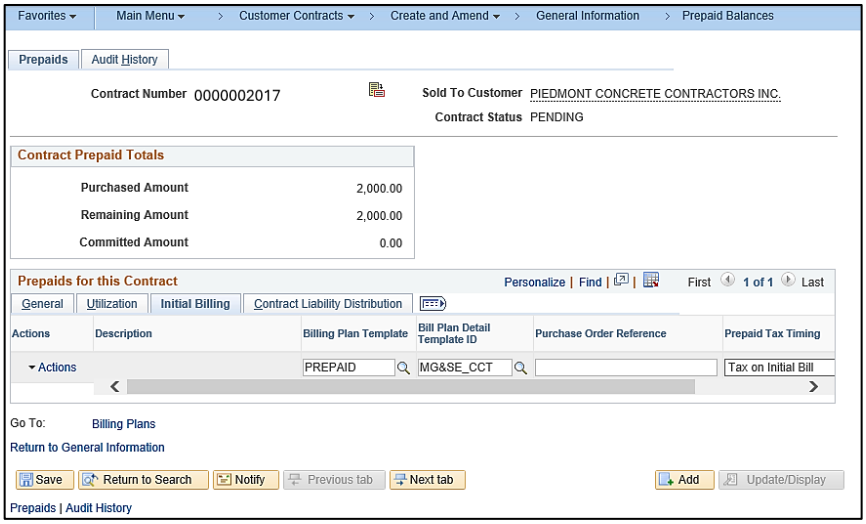


Note: The **Use Sequence** displays the number of prepaid amounts and Cardinal uses this to determine which amount to apply first when there is more than one.

Step	Action
10.	The **Utilize Against all Lines** checkbox should be left unchecked. Select this checkbox if the prepaid amount is to be applied against all rate-based contract lines on this contract. 
11.	The **Contract Line Num** field allows you to select the contract line number you wish to apply this prepaid amount to again. In most instances, this value will be 1. 
	Note: The **Utilization Descr for Billing** field is automatically populated when you click the **Save** button. The description is the prepaid **Use Sequence** number joined with the **Contract** number. 
12.	Click the **Save** button. The **Utilization Descr for Billing** displays. 
13.	Click the **Initial Billing** tab.

Step	Action

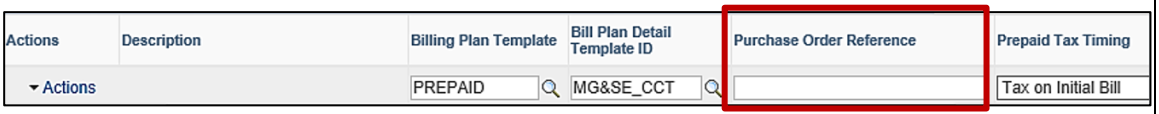
The **Prepaids** page displays with the **Initial Billing** tab selected.



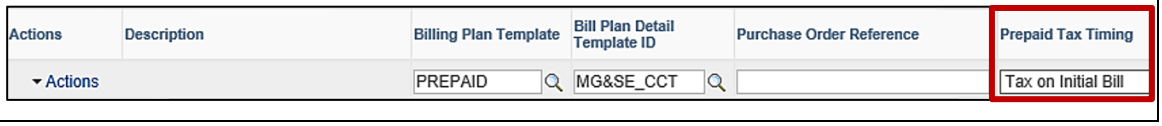
14. **Billing Plan Template**: Select **PREPAID**. The Billing Plan template automates the creation of the prepaid billing plan.

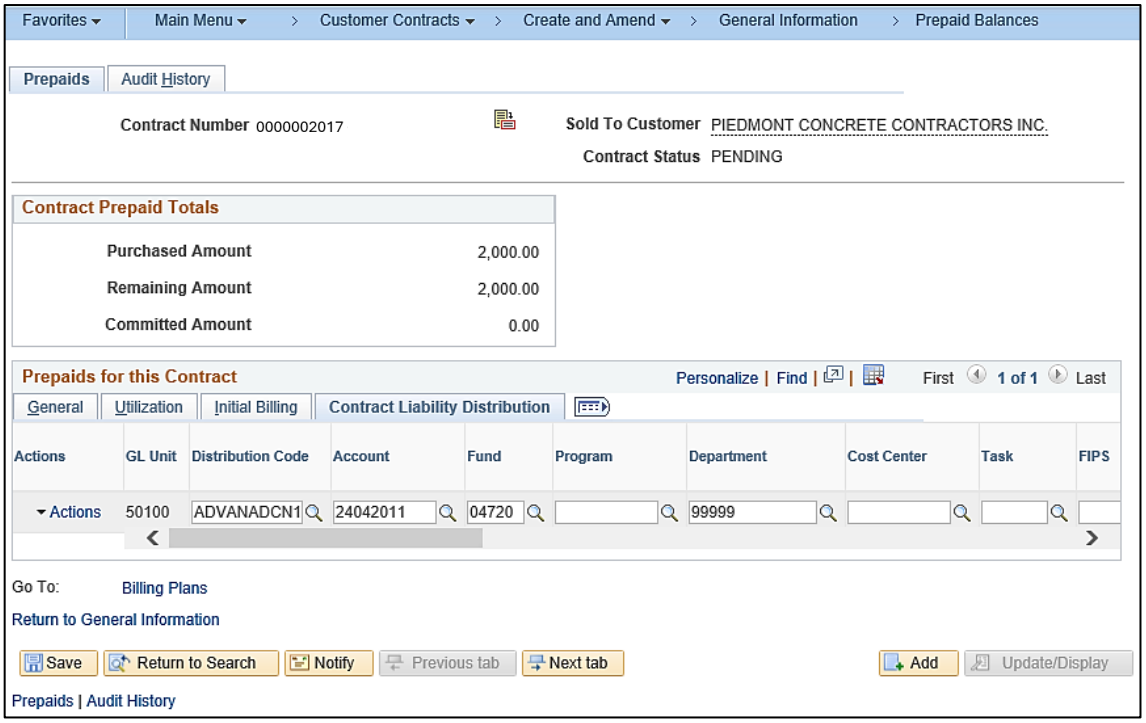
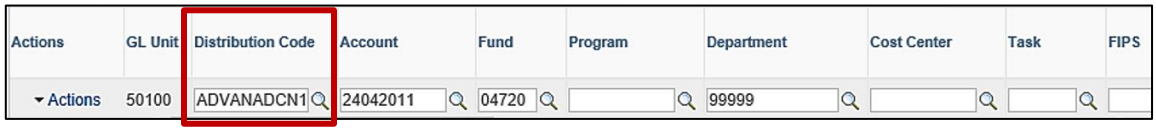
15. **Billing Plan Detail Template ID**: Select the **Billing Plan Detail Template ID** that has the Bill Type and Customer Type, which corresponds with the contract line created.

Note: Purchase Order (PO) Reference: this field is not used in Cardinal, so <u>do not enter any values.</u>

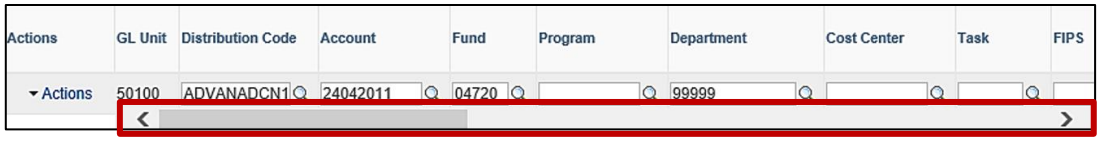


Note: Prepaid Tax Timing: This field defaults to **Tax on Initial Bill** and should not be changed.

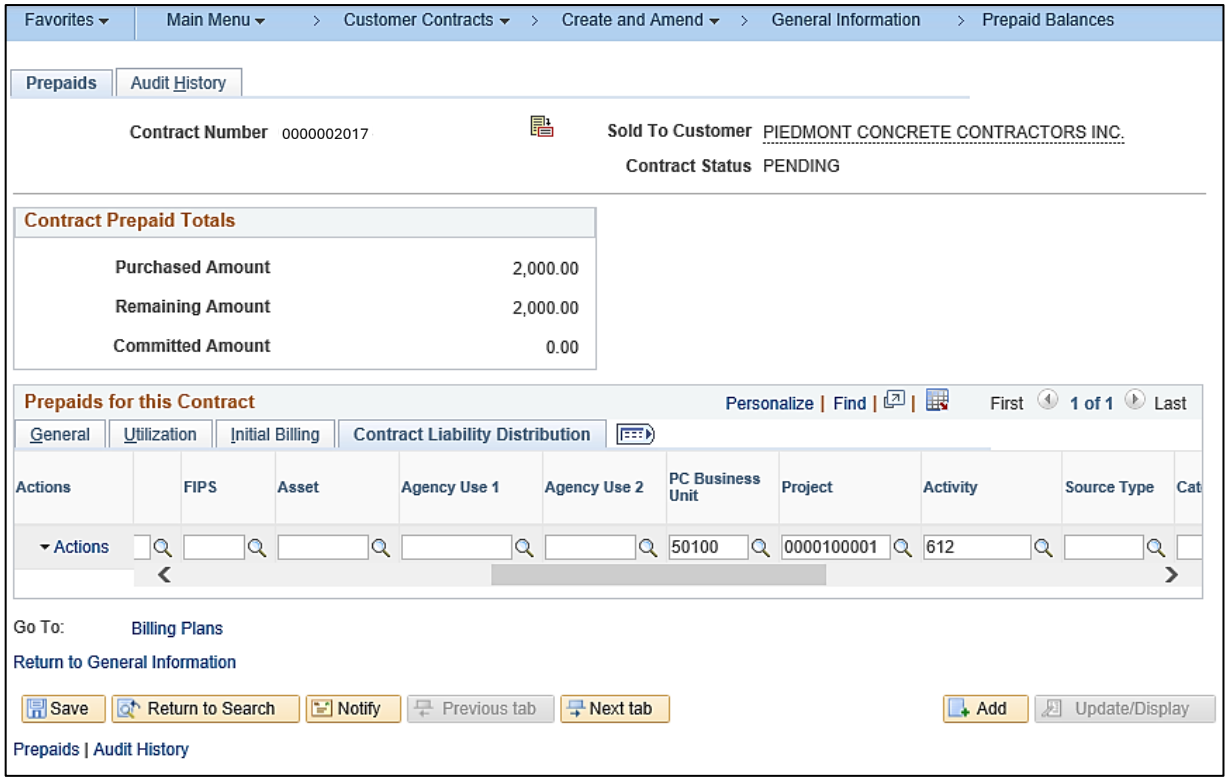


Step	Action
16.	Click the **Contract Liability Distribution** tab.
The **Prepaids** page displays with the **Contract Liability Distribution** tab selected. 	
	Note: The **Contract Liability Distribution** must be defined as this controls the ChartFields, which will be populated when booking the prepayment.
17.	**Distribution code**: Select the distribution code by using the look up icon. The **Distribution Code** automatically populates the **Account**, **Fund**, and **Department** values. Select the code which has the **Fund** and **Customer** type used on the Contract Line. For this scenario **ADVANADCN1**. 

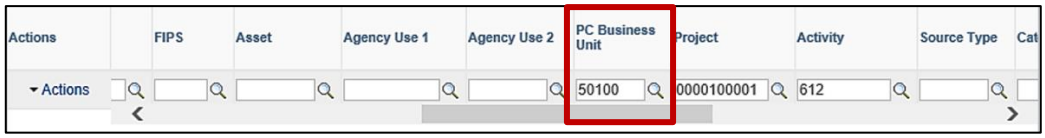
Step	Action
18.	Use the scrollbar to scroll right.



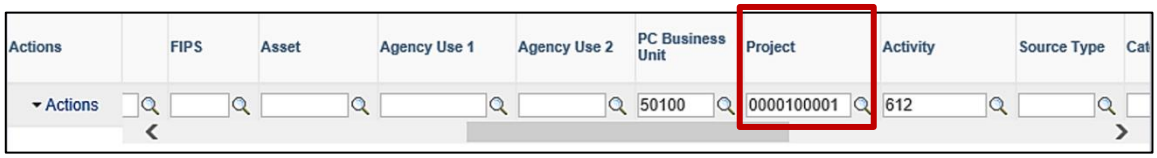
The remainder of the **Contract Liability Distribution** tab displays.

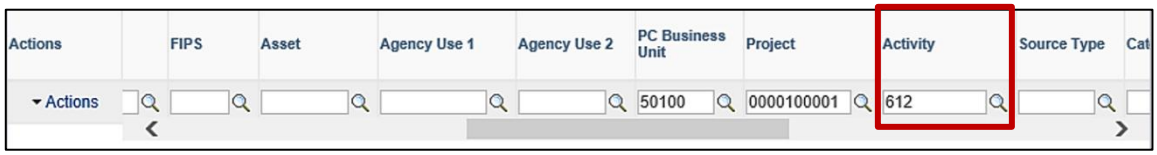
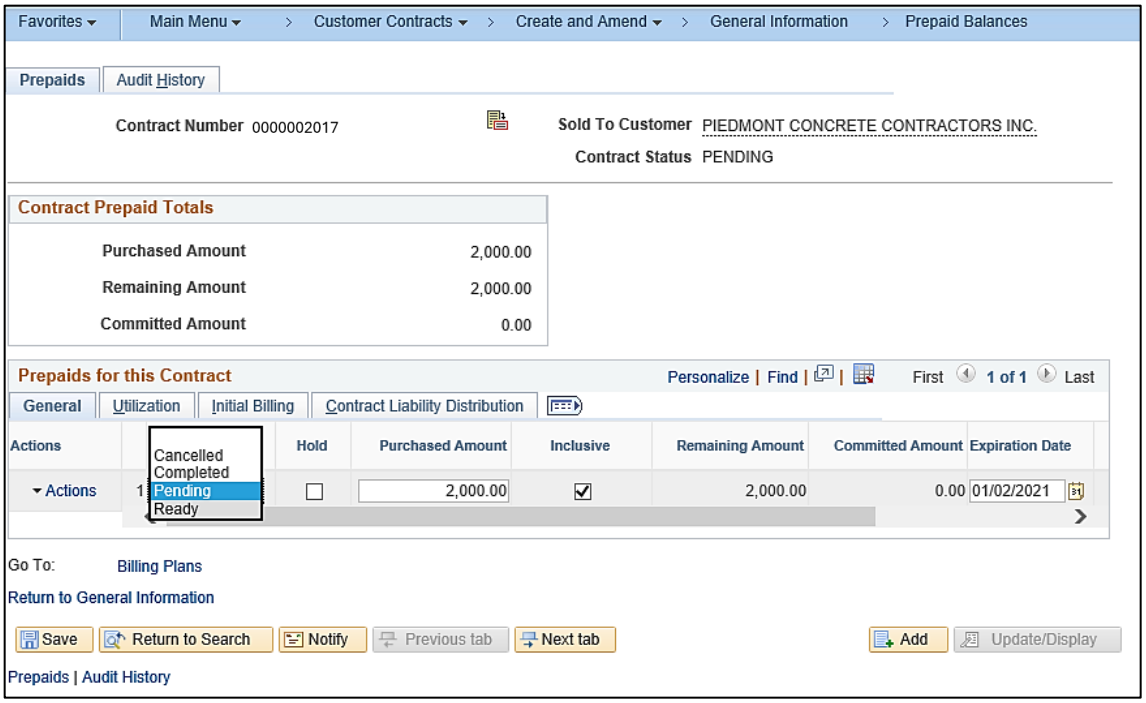


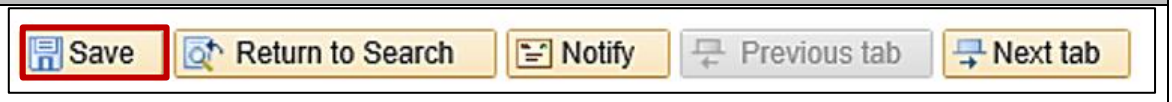
19.	**PC Business Unit**: Enter **50100**



20.	**Project**: Enter the same Project ID that was used when the contract line was created. Once you enter the Project, the **Distribution Code** disappears but the ChartFields remain.



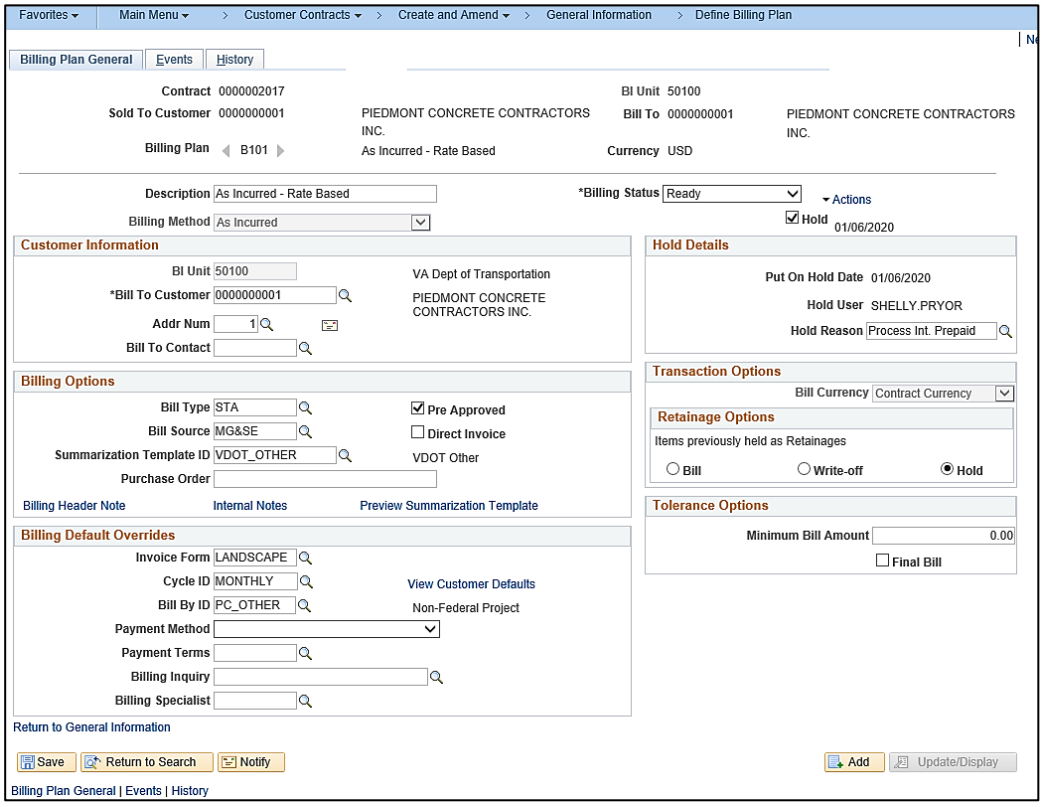
Step	Action
21.	**Activity**: Enter one of the activities which was added on the contract line **Related Projects** page. 
	Note: The activity must be active in order for the distribution to save.
22.	Click the **General** tab.
The **Prepaids** page displays with the **General** tab selected. 	
23.	Change the **Status** to **Ready**.
24.	Click the **Save** button. The Initial Billing for the Prepaid will be processed once the contract status is Active.

Step	Action
	
	Note: You must place the contract line **Bill Plan** on **Hold** so the initial prepaid can be finalized and processed. If this step is missed, the system will create a bill when expenditures are posted to the project instead of drawing down the prepaids. Placing the contract line **Bill Plan** on **Hold** must also be done when adding the prepaid to an existing contract.

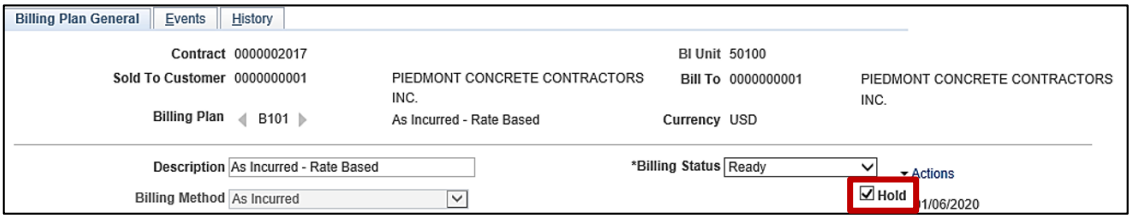
Placing the Contract Line Bill Plan on Hold

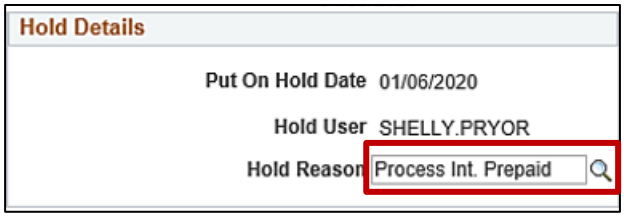
Step	Action
1.	Navigate to the **Billing Plan General** page. **Main Menu > Customer Contracts > Create and Amend > General Information > Define Billing Plan**

The **Billing Plan General** page displays.



2.	Place the **Contract Line Billing Plan** on hold. Select the **Hold** checkbox.



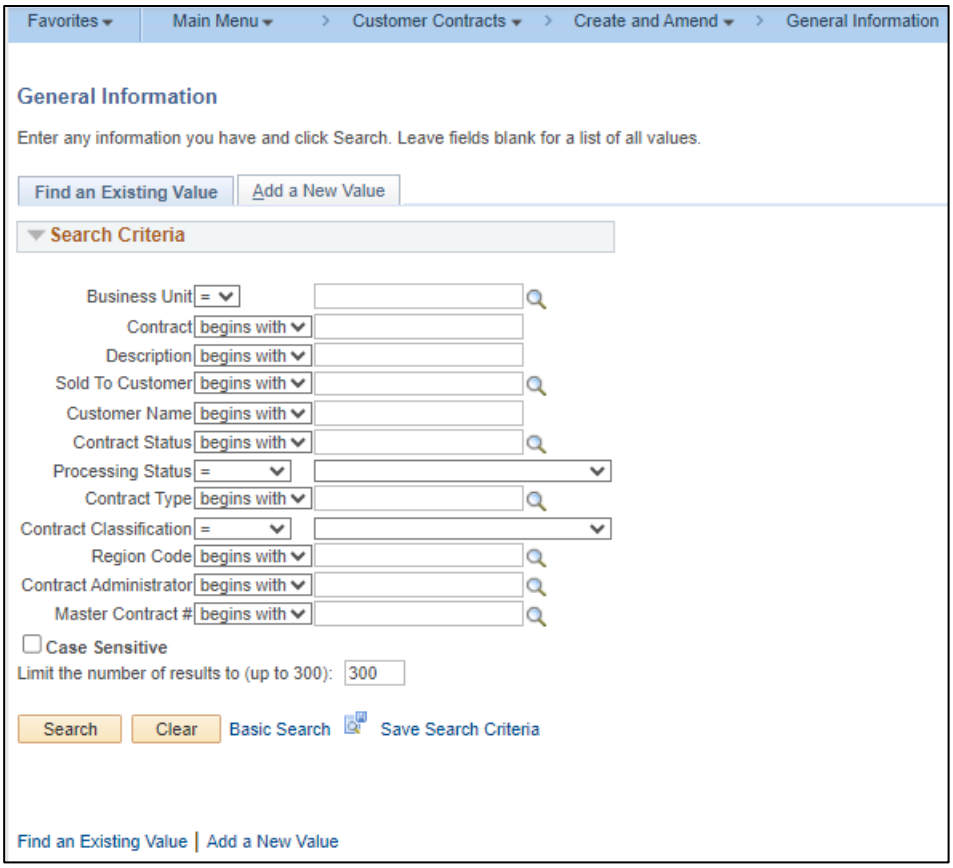
Step	Action
3.	For **Hold Reason** select **Process Int. Prepaid** 
4.	Click the **Save** button**.**
	Note: Once the Initial Prepaid invoice has been finalized, you can remove the Billing Plan Hold on the next day.

Amending a Rate-Based Contract Prepaid

You can increase or decrease the initial prepaid amount with an amendment as long as you do not reduce the prepaid amount below the utilized amount. Follow the steps below to amend a Rate-Based Contract Prepaid.

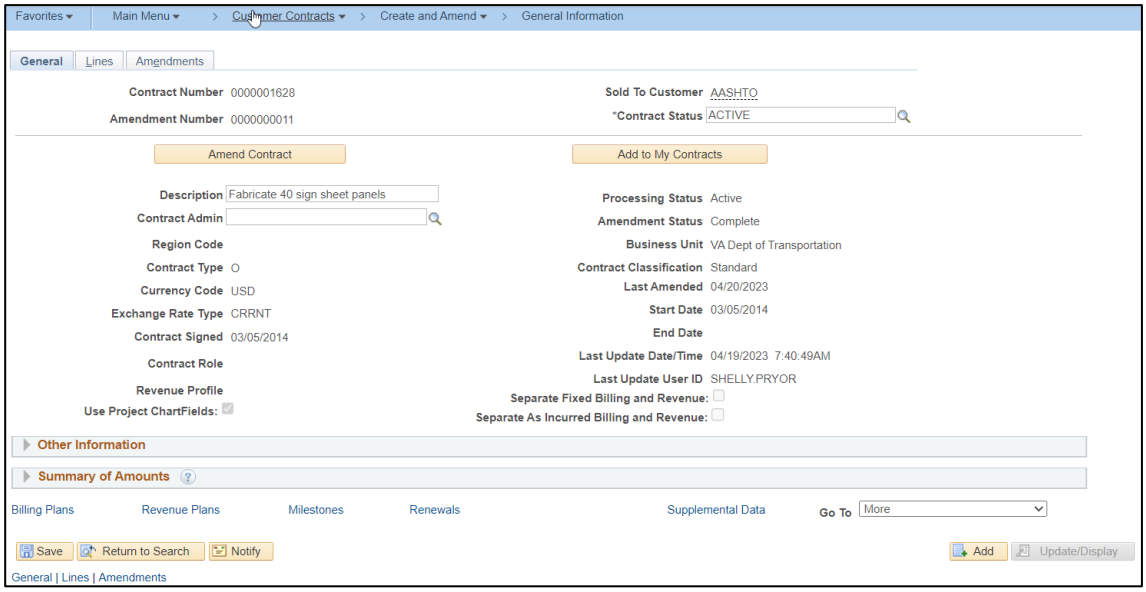
Step	Action
1.	Navigate to the **General Information** page using the following path: **Main Menu > Customer Contracts > Create and Amend > General Information**

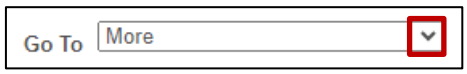
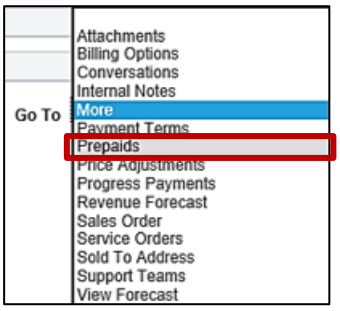
The **General Information** search page displays.



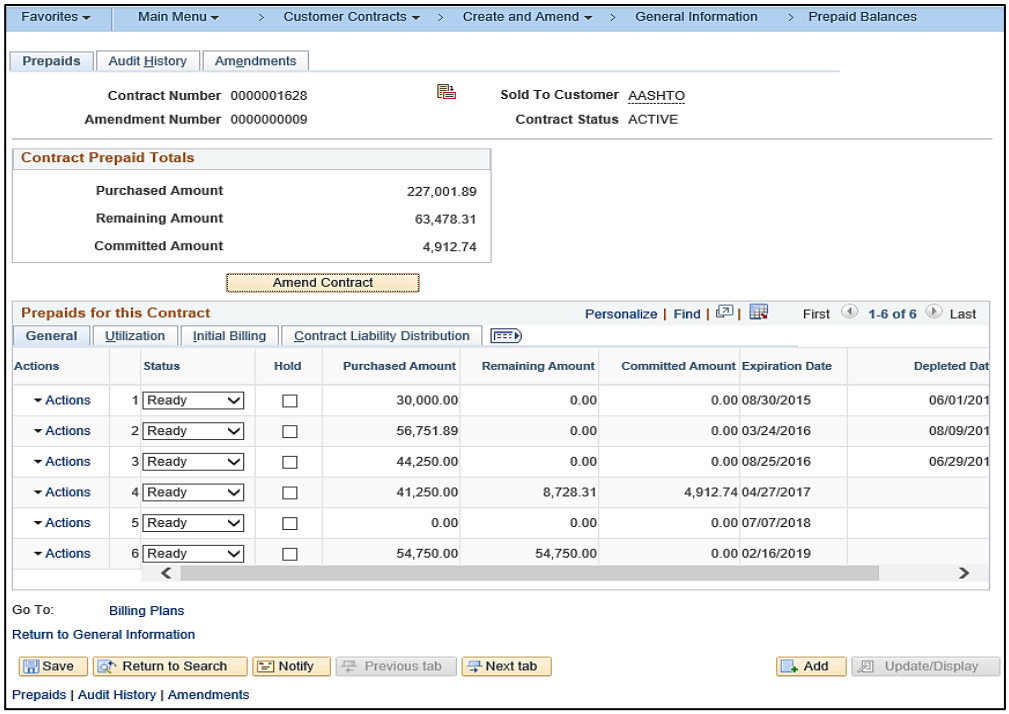
Step	Action
2.	Enter the contract number in the **Contract** field.
3.	Click the **Search** button.

The **General Information** page displays.



4.	Click the **Go To** drop-down menu 
5.	On the **General** tab, in the **Go To** field, select **Prepaids** from the drop-down menu. 

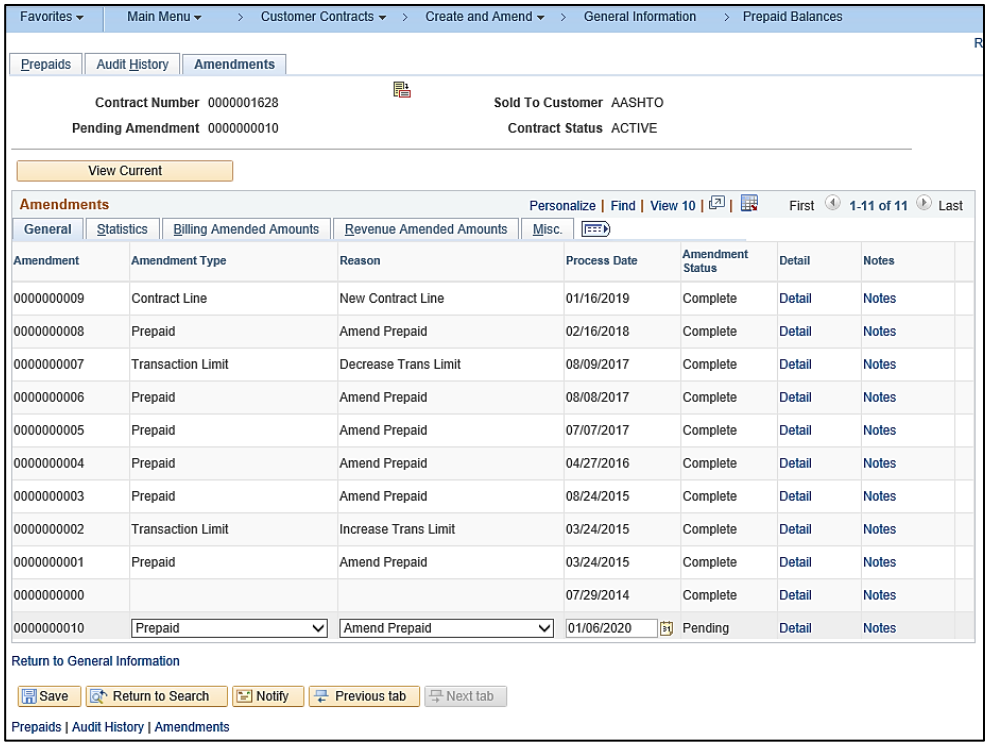
Step	Action
	The **Prepaids** tab displays.



6.	Click the **Amend Contract** button.

Step	Action

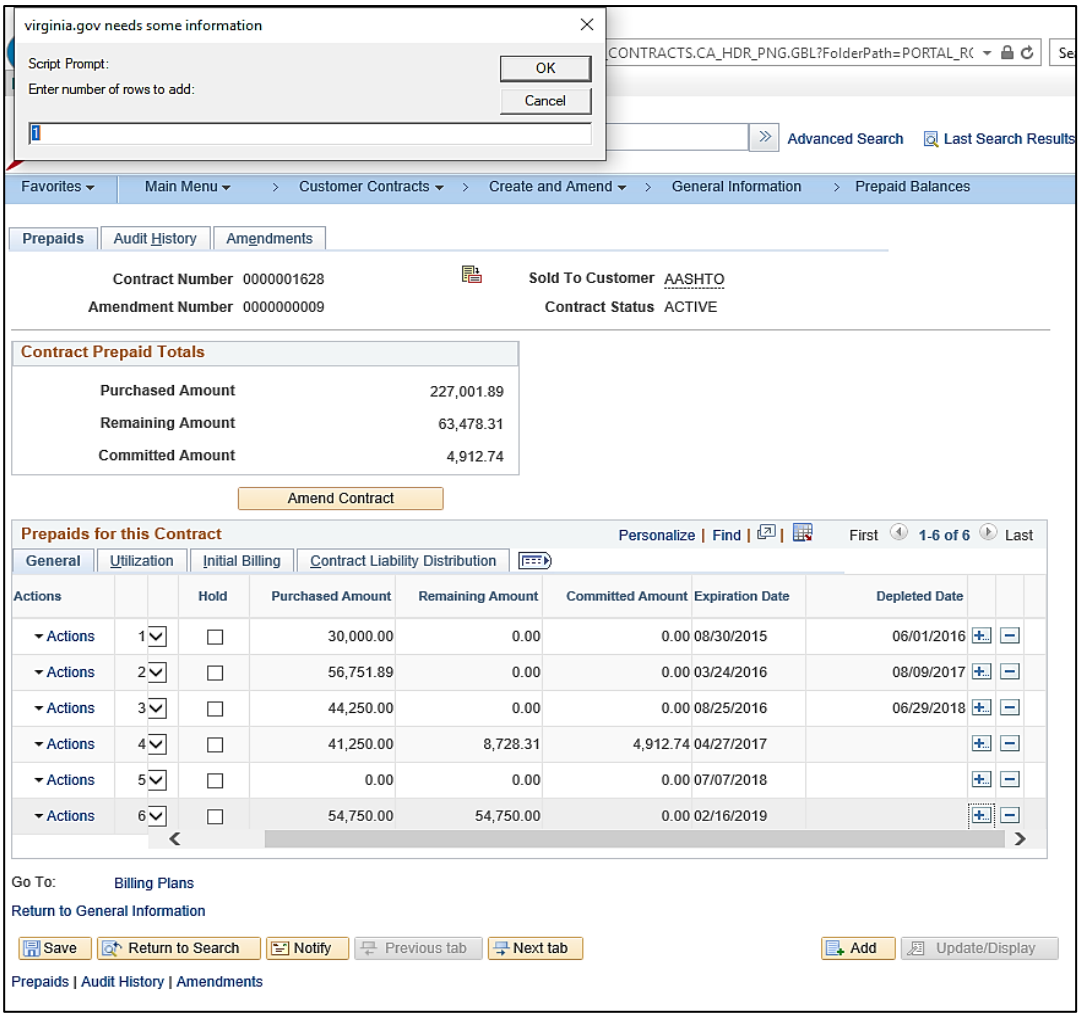
The **Amendments** tab displays. In this scenario, the prepaid amount is being changed.

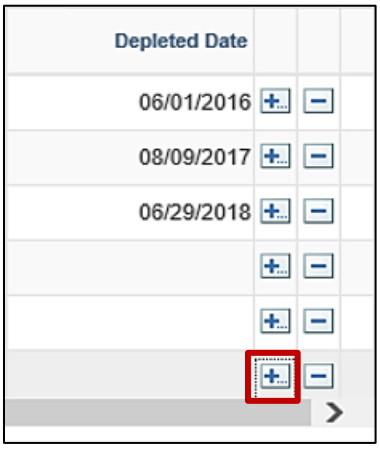
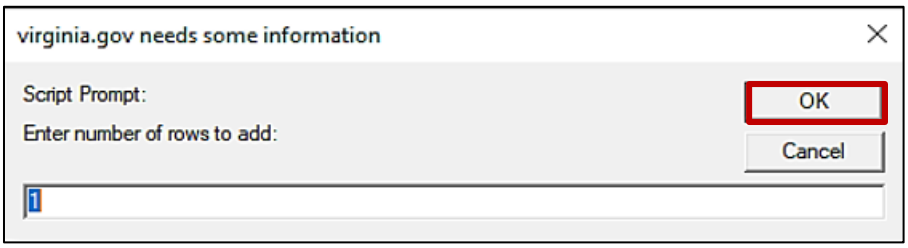
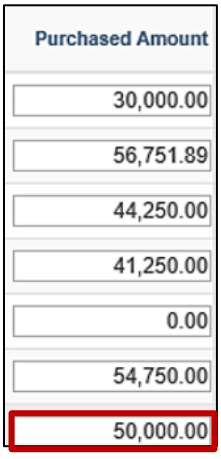


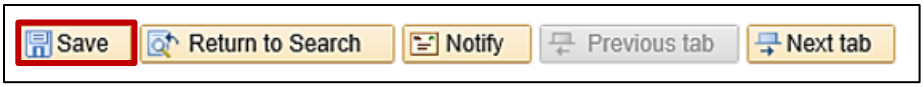
7.	In the **Amendment Type** field select **Prepaid**.
8.	In the **Reason** field select **Amend Prepaid**.
9.	Click the **Save** button.

Step	Action
10.	Click the **Prepaids** tab.

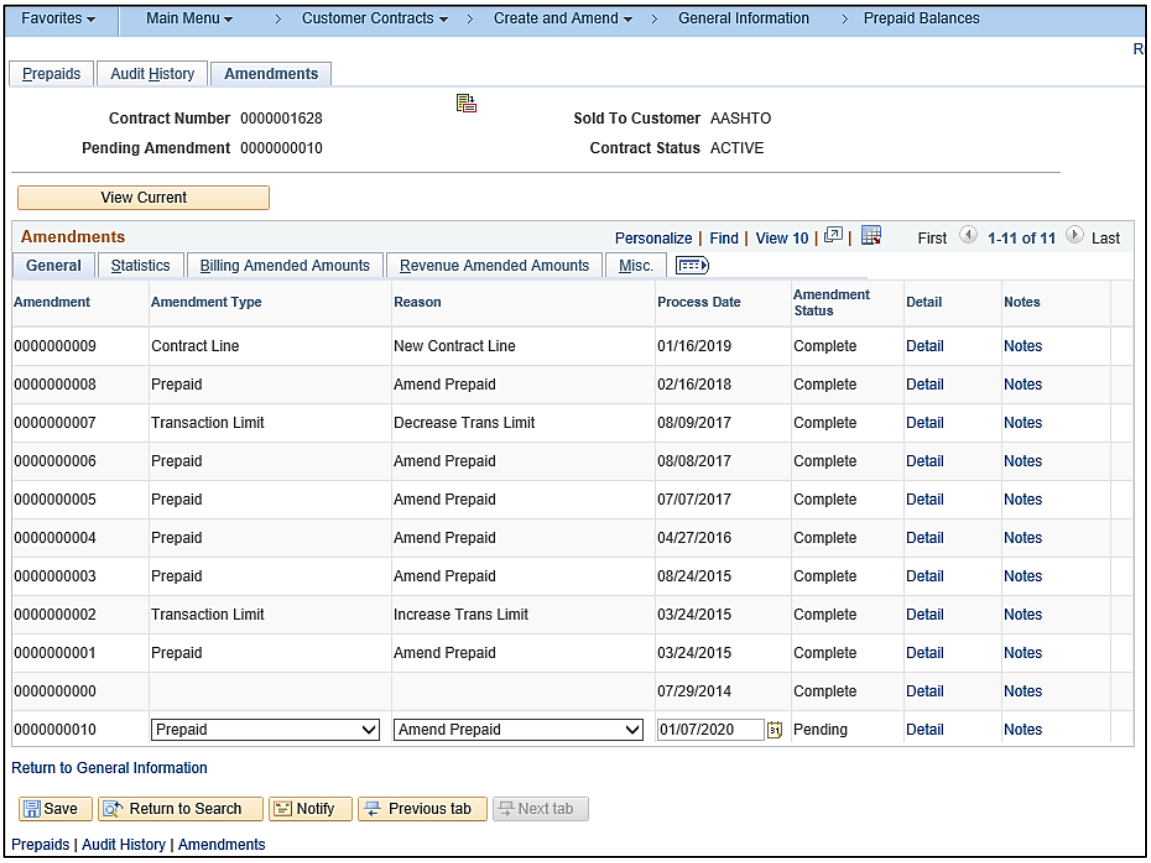
The **Prepaids** tab displays. Increase or decrease the prepaid amount on this tab.

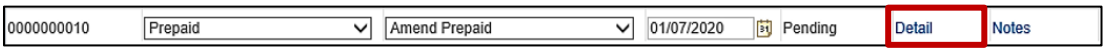


Step	Action
11.	In this example, there are previous amendments. Scroll to the end of the line and click the plus (**+**) button to add a row. 
12.	When the **Script Prompt** message displays, click the **OK** button to add **1** row. 
13.	For this scenario, we are increasing the prepaid by 50,000. Enter the amount of the increase in the **Purchased Amount** field. 

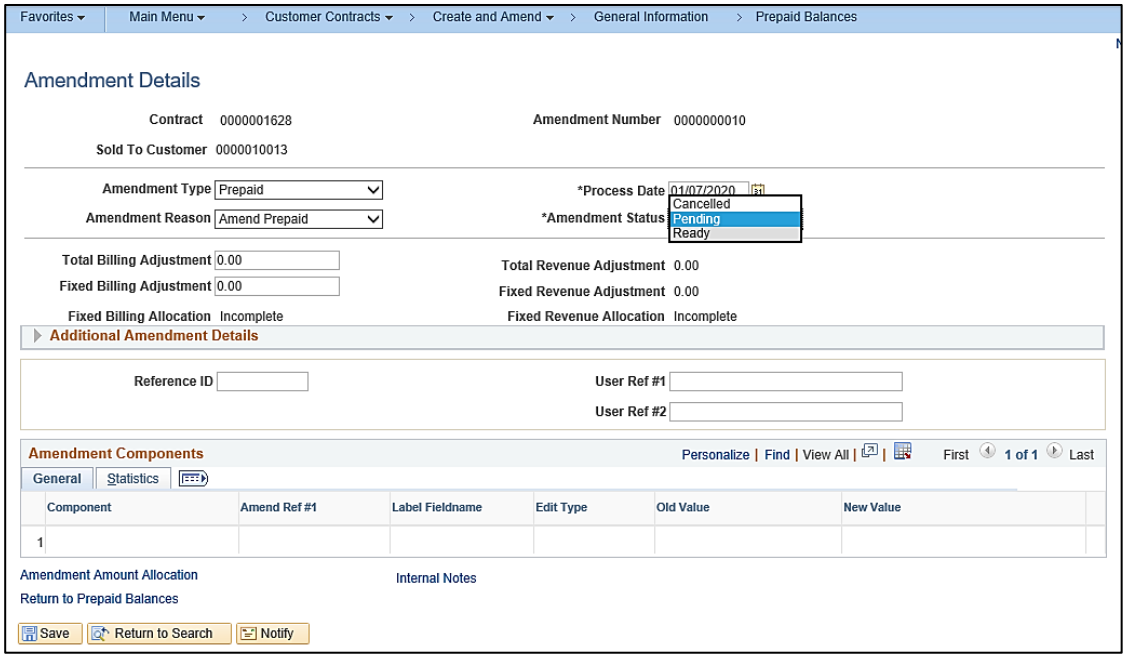
Step	Action
14.	Click the **Save** button. 
15.	Click the **Amendments** tab.

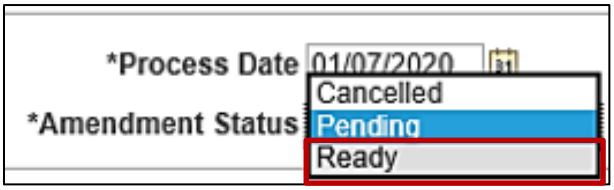
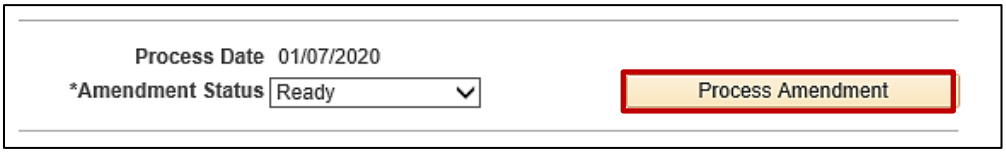
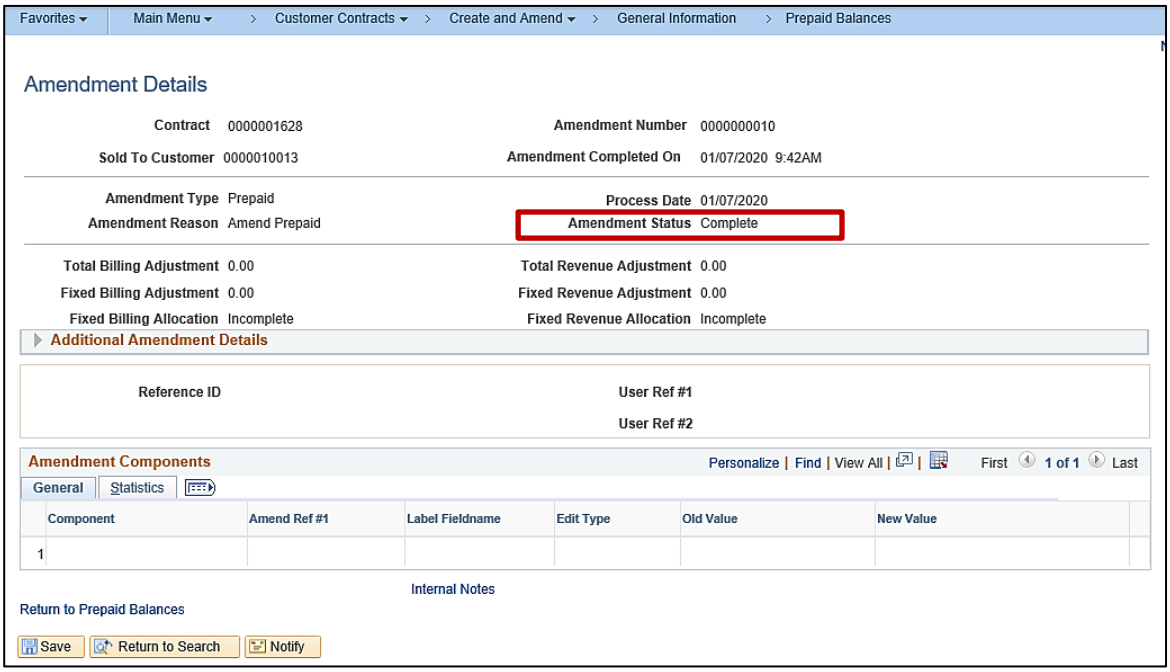
The **Amendments** tab displays.



16.	Click the **Detail** link next to the amendment that was added. 

Step	Action
	The **Amendment Details** page displays.



17.	To process the amendment, change the **Amendment Status** from **Pending** to **Ready**. 
18.	A **Process Amendment** button displays. Click the **Process Amendment** button. 

The **Amendment Status** changes to **Complete** and the changes are now active in the system.