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# SedonaOffice® USERS CONFERENCE

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## Job Management Setup

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## Job Costing Accounting Methods

In the world of SedonaOffice, the term Job Costing refers to accounting for Revenue and Expenses which are related to a Job in order to determine the profitability of the Job. There are various Job Costing Accounting Methods available within the SedonaOffice; ultimately, the method or methods your company will implement will depend upon the preference of your company or advice from your company's accounting professional. There is no correct or incorrect method; after evaluating all the available choices, only your company can decide what will work best in your own business environment.

### Job Costing Accounting Methods:

- **Immediately recognize** – Recognize Job Revenue and Expenses as they occur.
- **Use WIP** – Accrue Expenses into **Work in Process** accounts and recognize only when a Job Invoice is produced.
- **Accrue All** - Accrue both Revenue and Expenses until the end of the Job.
- **Percentage of Completion** – Corrects distortions to recorded Revenue based upon Job Costing Estimates.

### Immediately Recognize

When selecting this method, when any expense is posted which is linked to a Job, that amount is recorded immediately to the Actual Expenses of the Job. When a Job Invoice is posted, the Income is posted immediately to the Job.

### Use WIP

When using the WIP method, when any expense is posted which is linked to a Job Number, those amounts will record to the WIP Accounts you have setup for Parts, Labor, etc. WIP accounts are balance sheet accounts. When a Job Invoice is produced, by default, the same percentage of the Job being invoiced is used to relieve any amounts in the Job's WIP accounts. For example, if you produce a Job Invoice for 40% of the Job, 40% of any amounts in the Job WIP will be posted to your Cost of Goods Sold accounts.

Notes

**Accrue All**

The Accrual method is designed to post both Revenue and Expenses in WIP accounts as Expenses or Job Invoices are posted. When a Job is closed, the amounts previously invoiced will move to the Revenue accounts associated with the Invoice Items that were invoiced, and the previously posted Job Expenses will move to your specified Cost of Goods Sold or Expense accounts.

**Percentage of Completion**

The percentage of completion method is used to more correctly present your Job Revenues for a given accounting period. Using this method requires accurate estimates for Revenue and Expenses. Each month a report is generated to determine whether Jobs have been under or over invoiced based upon how much of the Job has been invoiced to date and the estimated expense left to be incurred. Based upon the review of the Over/Under Report, you will need to make over/under billings billing journal entries every month so that you have accurate monthly financial statements. These journal entries should be reversed the following month because the following month your work in process will be different and you will have different over/under billings amounts.

The Job Costing Accounting Method may be one type used for any type of Job or can be determined by the individual Job Type. Some companies use one Job Costing Accounting Method for residential Jobs and a different type for larger/commercial Jobs. It is all a matter of preference to your company.

Once you have determined your Job Costing Accounting Method, the corresponding setups are easy.

Notes

## Job Setups



Your Job Setup tables are configured based upon the Job Costing Accounting Method that will be implemented. There are three main Job Setup tables that control which G/L Accounts are used for posting Job transactions:


### Financial Setups

#### Job Management Setup Processing



- Material WIP
- Material Cost of Goods Sold (COGS)
- Labor
- Commissions
- Overhead

### Job Processing


 Material WIP    
*WIP - Job Parts*


Jobs COGS    
*COS - Jobs-Parts*


Approval Processing



  Labor To GL  

Labor Expense Type  Expense at time of entry  
 Expense thru WIP


Labor Expense    
*COS - Jobs-Labor*


Labor Deferred    
*Deferred Labor - Jobs*


Labor WIP    
*WIP - Job Labor*



  Commissions To GL  


Commission Expense Type  Expense at time of entry  
 Expense thru WIP


Commission Expense    
*COS - Jobs-Commissions*



Commission Deferred    
*Deferred Commissions*

Commission WIP    
*WIP - Job Commissions*


  Overhead  

Overhead Debit  

Overhead Credit  

 Restrict Sales Month  

Restrict Sales Month

Current Sales Month  

Notes

### Install Company

- Material WIP
- Miscellaneous WIP
- Labor
- Overhead

**Install Company Setup**  Inactive

Install:       Parts WIP:

Description:       Misc WIP:

Labor To GL       Overhead

Labor Expense Type:  Expense at time of entry  
 Expense thru WIP

Overhead Debit:

Overhead Credit:

Labor Expense:  *COS - Jobs-Labor*

Labor Deferred:  *Deferred Labor - Jobs*

Labor WIP:  *WIP - Job Labor*

**Appointment Options**

Dispatch:  Yes       No (Completed Only)

Timesheet:  Auto       Manual

From Dispatch       From Arrival

### Notes

### Job Type

- Material WIP
- Material Cost of Goods Sold (COGS)
- Miscellaneous WIP
- Labor
- Commissions
- Overhead

**Job Type Setup**  Inactive

Job Type: R-Intrusion Description: Intrusion - Residential

Detail | Job Tasks | **Costing** | Items | Accounts | Commission Types | Phases

Category: JR Hold Back %: 0.00

Material WIP: 122100 Hold Back Item: [ ]

COGS Acct: 510100 Hold Back Acct: 110400

Use COGS Acct: 512150 Est LU Cost: 40

When Amt >=: 9999999  Zero Part Price

Misc WIP: 122140 Material Item: Job Part Res

Accrued Income: [ ]

Lease  Percentage Invoicing  Expense Part When Issued

Allow Override Task List  Allow Costing to Closed Jobs  Force Part Reconciliation

Job Type: R-Intrusion Description: Intrusion - Residential

Detail | Job Tasks | **Costing** | Items | Accounts | Commission Types | Phases

**Labor To GL**  **Commissions To GL**

Labor Expense Type:  Expense at time of entry  Expense thru WIP

Commission Expense Type:  Expense at time of entry  Expense thru WIP

Labor Expense: 511100 Commission Expense: 515110

Labor Deferred: 258100 Commission Deferred: 248100

Labor WIP: 122120 Commission WIP: 122130

**Overhead**

Overhead Debit: [ ]

Overhead Credit: [ ]

Notes



## Non-Financial Setups

There are several non-financial type setup tables; some are required and others are optional.

### Job Tasks

(required)

Job Tasks are linked to Job Types; each Job Type must contain at least one Job Task. A Job Task is a major milestone during the process of a Job for which you want the responsible party to sign-off as being complete. Job Tasks also control when you are able to invoice a Job.

The screenshot shows the 'Tasks' application window. It has two main sections: 'Task List' and 'Task Edit'.

**Task List:** A table with columns 'Code', 'Description', and 'Inactive'. The 'Inactive' column contains 'N' for all rows.

Code	Description	Inactive
Activate	Activate System	N
Admin	Admin	N
Install	Installation	N
Jobcost	Jobcost Review/Close	N
Lock For CO	Lock For Change Order	N
Order Parts	Order Parts	N
Prog Inv 1	Progress Invoice 1	N
Prog Inv 2	Progress Invoice 2	N
PW	Prewire	N
Re-Open	Re-Open	N
Rough-In	Rough-In	N
Sch Install	Schedule Install	N

**Task Edit:** A form for editing a task. It includes a 'Code' field with 'Install' and a 'Description' field with 'Installation'. There is an 'Inactive' checkbox which is unchecked. Below the form is a list of 'User Groups Allowed to Sign off on Task' with checkboxes next to each group name.

User Group	Description
<input checked="" type="checkbox"/>	Accounting Clerk
<input checked="" type="checkbox"/>	Administrator
<input checked="" type="checkbox"/>	Inst Coordinator
<input type="checkbox"/>	Admin Clerk
<input type="checkbox"/>	Administration
<input type="checkbox"/>	AP Clerk
<input type="checkbox"/>	Mananer

Buttons at the bottom: 'Apply', 'New', 'Delete', 'Select All', 'Unselect All'.

Notes

### Job Status

(required)

Job Statuses are assigned to Job Tasks in the Job Type setup table and describe where a Job is in the process of being complete. Job Statuses may describe the responsible department for the current Job Task or the current event (task) that is awaiting sign-off.

**Job Status List**

Job Status Code	Description	Inactive
Activation	Activation	N
Change Order	Change Order	N
Closed	Closed	N
CO Approval	Change Order Approval	N
In-Progress	In-Progress	N
Install	Install Equipment	N
Job Complete	Job Complete	N
Jobcost	Jobcost Review	N
Parts	Parts	N
Prewire	Prewire	N
Progress Invoice	Progress Invoice	N
Re-Opened	Re-Opened	N
Reversed	Reversed	N
Scheduling	Scheduling	N

Include Inactive

**Job Status Edit**  Inactive

Job Status Code:

Description:

Display:

- Red
- Gold
- BlueGreen
- Blue
- LtBlue
- Orange
- Yellow
- Pink
- Green
- Purple

Notes

### Job Phase

(required)

Job Phases are used to indicate various stages of a Job. You must setup at least one Job Phase that will be used for Job Invoicing purposes.

Phase Codes	Description	Inactive
CO #01	CO #01	N
CO #02	CO #02	N
Final	Final	N
Phase 01	Phase 01	N
Phase 02	Phase 02	N
Phase 03	Phase 03	N
Phase 04	Phase 04	N
Phase 05	Phase 05	N
Phase 06	Phase 06	N
Prewire	Prewire	N
Trim-Out	Trim-Out	N

Include Inactive

**Phase Codes Edit**  Inactive

Phase Codes:

Description:

Notes

### Labor Tasks

(optional, but recommended)

Labor Tasks are used in various areas of Job Processing:

- Entering Job Costing Labor Estimate
- Scheduling Job Appointments
- Manually entering Job Timesheets

Code	Description	Est Len	Inactive
*Com Install	Commercial Install	480	N
*Pick/Dropoff Parts	Pick/Dropoff Parts	60	N
*Res Install	Residential Install	240	N
*Rough-In	Rough-In	240	N
*Trim-Out	Trim-Out	480	N
ENG	Engineering	60	N
L	Lunch	30	N
M	Meeting	30	N
PM	Project Management	60	N
TR	Travel	60	N

Include Inactive

Inactive

**Edit Labor Task**

Labor Task Code: \*Com Install

Description: Commercial Install

Est Time: 480

Notes

### **Commission Types**

(optional)

SedonaOffice has the capability to automatically calculate and post Job Commission based on four basic methods or to manually post commissions to Jobs according to your company's commission structure. You may enter commissions for informational purposes only or flag commissions to post to the general ledger. The only exception to this rule is when using Gross Profit Commission Types; these will always post to the general ledger.

#### ***Gross Profit***

When using this Commission Type, the commission amount (if any) will be posted when the Job is closed. The program takes into account all amounts invoiced, less all expenses to determine the Gross Profit of the Job. Based on the Commission Setup of the Salesperson on the Job and the Job Type, the appropriate commission will be calculated on the Gross Profit value.

#### ***Estimated Profit***

When using this Commission Type, the commission amount (if any) is calculated based on the Install Charges and/or Parts that will be invoiced less all Estimated Expenses. Based on the Commission Setup of the Salesperson on the Job and the Job Type, the appropriate commission will be calculated on the Estimated Profit value.

#### ***Non-Recurring***

When using this Commission Type, the commission amount (if any) is calculated based on the Install Charges and/or Parts that will be invoiced. Based on the Commission Setup of the Salesperson on the Job and the Job Type, the appropriate commission will be calculated on the total Install Charges and/or Parts for the Job.

#### ***Recurring***

When using this Commission Type, the commission amount (if any) is calculated based on the Recurring Charges that will be invoiced for the Job. Based on the Commission Setup of the Salesperson on the Job and the Job Type, the appropriate commission will be calculated on the total Monthly Recurring Charges value.

Notes

**Commission Type**

Commission Type	Description	Type	Inactive
Add On Parts	Add On Parts	Non Recurring	N
EP	Estimated Profit	Est Profit	N
GP	Gross Profit	Gross Profit	N
Install	Install	Non Recurring	N
MGR Override RMR	MGR Override RMR	Recurring	N
MRG Override NR	MRG Override NR	Non Recurring	N
Other	Other	Other	N
RMR	Recurring	Recurring	N
RMR 1 Month	RMR 1 Month	Recurring	N
RMR 2 Months	RMR 2 Months	Recurring	N
RMR 3 Months	RMR 3 Months	Recurring	N
RMR 4 Months	RMR 4 Months	Recurring	N
RMR 5 Months	RMR 5 Months	Recurring	N
RMR 6 Months	RMR 6 Months	Recurring	N

Include Inactive

**Commission Type Edit**

Code:  Description:   Inactive

Commission Calculated Against:

Recurring (R)   
  Estimated Profit (E)   
  Other (O)  
 Non Recurring (N)   
  Gross Profit (G)

**Employee Edit**  Inactive

Employee Code:

General Information | Payroll | **Commission Setup** | Documents

Commission Type	Description	Type	Percentage
Add On Parts	Add On Parts	Non Recurring	20.00
GP	Gross Profit	Gross Profit	12.00
Install	Install	Non Recurring	15.00
Other	Other	Other	100.00
RMR	Recurring	Recurring	180.00

Commission Type:  %

**Job Type Setup**  Inactive

Job Type:  Description:

Detail | Job Tasks | Costing | Items | Accounts | **Commission Types** | Phases

Commission Type	Description	Type
<input checked="" type="checkbox"/> Other	Other	Other
<input checked="" type="checkbox"/> Add On Parts	Add On Parts	Non Recurring
<input checked="" type="checkbox"/> RMR 1 Month	RMR 1 Month	Recurring
<input checked="" type="checkbox"/> RMR 2 Months	RMR 2 Months	Recurring
<input checked="" type="checkbox"/> RMR 3 Months	RMR 3 Months	Recurring
<input checked="" type="checkbox"/> RMR	Recurring	Recurring
<input checked="" type="checkbox"/> Install	Install	Non Recurring
<input type="checkbox"/> GP	Gross Profit	Gross Profit
<input type="checkbox"/> EP	Estimated Profit	Est Profit
<input type="checkbox"/> MRG Override NR	MRG Override NR	Non Recurring
<input type="checkbox"/> MGR Override RMR	MGR Override RMR	Recurring
<input type="checkbox"/> RMR 4 Months	RMR 4 Months	Recurring
<input type="checkbox"/> RMR 5 Months	RMR 5 Months	Recurring