



## From the Trenches with Workbenches – Streamline Contract to Cash Reconciliation

*A Cardinal Point Solutions White Paper*

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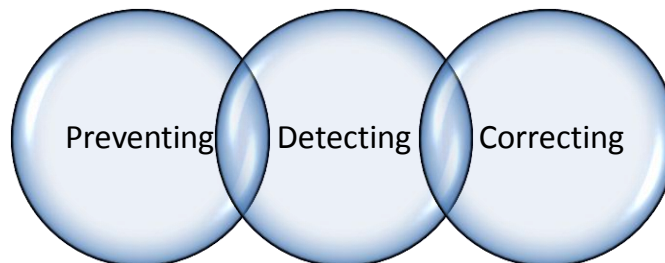
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## From the Trenches with Workbenches – Streamline Contract to Cash Reconciliation

PeopleSoft Project Costing and Contracts are central to the Contract-to-Cash business process. This white paper will cover Project control and reconciliation risks and delivered on-line tools within Project Costing to mitigate those risks. In addition, it will demonstrate the power of the Contracts Revenue and Billing Reconciliation Workbench and explain how this on-line tool can dramatically streamline the unbilled receivable reconciliation process.

### Project Controls

Project Controls are critical in ensuring that project related information that is entered into the various subsystems is accurate and gives downstream processes the information required to support organizational reporting, accounting, and billing functions. It is also important to configure Contracts and Project Costing to support these objectives. Once this foundation has been laid, data analysis and reconciliation can be optimized and streamlined. The following paragraphs explain the difference between preventative and detective controls and the PeopleSoft functionality within Project Costing and Contracts that comes delivered to support this function.



Preventative controls are designed to increase data accuracy and integrity at the time of data entry. PeopleSoft delivers some notable Project Costing preventative controls out of the box. The Enforce Project Team functionality can be implemented to limit time and expense entry to only projects that a resource has been assigned to. Enforce Project Team options include enforcement at the Project level, Activity level, and Resource Pool level. These options are designed to give project administrators flexibility in determining how to maintain project resource assignments. In general, it is best practice to enforce these controls at the highest level possible to minimize project team maintenance.

The Project Status Control feature allows for the configuration of Project and Activity Status values that can be used to control which subsystems are allowed to integrate transactions into Project Costing at various stages in a project's lifecycle. For example, an organization may determine that time entry to a project that has been closed must be restricted while allowing related expense transactions, particularly

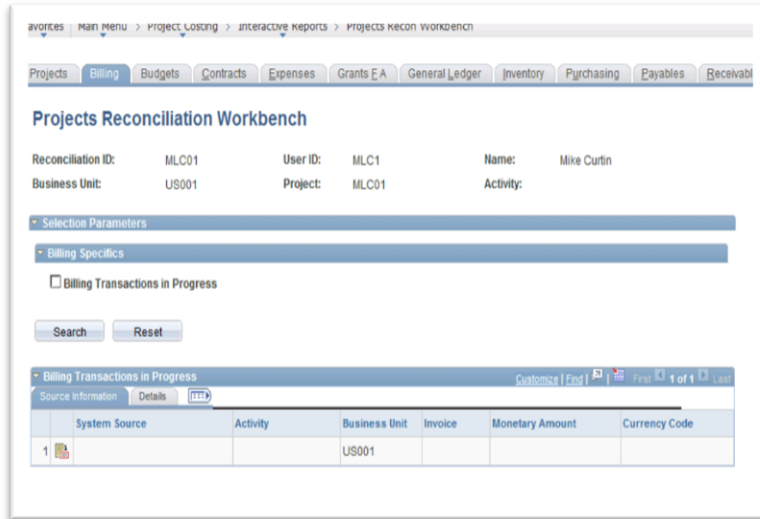
subcontract labor that is integrated from AP, to continue to be processed. In this case, the “Closed” project status is configured to restrict the Expenses module time Analysis Type (TLX), while allowing the Payables Analysis Type (ACT) to continue to be integrated after first warning the user that the project is in a closed status. Relationships between the Project Costing ChartFields, Source Type, Category, and SubCategory can be established to streamline project related data entry in each of the subsystems that integrate into Project Costing. These relationships act as real-time combination edits that only allow entry of specific ChartField values based on the input of the first value, Source Type. For example, relationships can be established that will prevent the entry of all non-labor related Category values if a labor related Source Type value is entered.

In addition to facilitating data entry and reducing the level of effort required to clean up data issues in downstream applications, the implementation of preventative and detective controls are highly recommended to streamline reconciliation between Project Costing, Contracts, and related subsystem applications.

### **Reconciliation**

While preventative controls can be implemented to reduce data entry errors, they typically cannot eliminate all issues. Detective controls are necessary to allow for the analysis of project information and to assist in identifying data issues prior to the processing of data to modules that are downstream of Contracts and Project Costing. PeopleSoft comes delivered with several features designed to streamline reconciliation and identify data issues before they can cause problems in other business areas; including the processing of inaccurate journal entries and billing.

The Project Reconciliation Workbench functionality allows project managers and administrators to gain visibility into subsystem transactions that are in process but have not been distributed to Project Costing. For example, a project manager can run a process that will populate an on-line inquiry page with all of the time and expense transactions that have been approved and posted in the Expenses module but that have not been integrated into Project Costing. This Workbench can be used to list undistributed transactions from all other modules that integrate into Projects. This allows project controllers to request processing of these transactions to enable more accurate and timely reporting and billing.



The Contracts Reconciliation Workbench is intended to be used for several important things. First, this feature can be used to show a contract administrator the revenue that has been recognized for a contract, and the amount of that revenue that has been billed. This gives the administrator a first look at the unbilled balance and allows them to take the necessary actions to reduce the unbilled balance. This Workbench also shows the cost that has been accumulated on a contract, and the amount of billings that have been withheld on the contract. This feature is particularly useful for organizations that do business with federal government agencies.

The second intended use of the Contract Reconciliation Workbench is to allow for the simple adjustment of revenue to what has been billed. A user can enter revenue adjustments directly in the workbench and integrate these adjustments into the General Ledger. This is particularly useful during the contract closeout phase as users are reconciling revenue against billings that were generated using the Contracts Value Based Billing method.

**Reconciliation Entry**

Business Unit: US001      PC Business Unit: US004  
 Contract: CON000000000054      Project: TRAINING  
 Contract Line: 1      Activity: TRAIN  
 Sold To Customer: 1000      Project Type: 00000  
 Contract Type: COMMERCIAL      Project Manager: KU0057  
 Contract Administrator: Angelini,Gina      Department:  
 Letter of Credit ID:      GL Business Unit: US004  
 Currency: USD

Revenue										
Contract	CA Bus. Unit	Line	PC Bus Unit	Project	Activity	Use	Account	Alt Acct	Dept	Amount
CON000000000054	US001	1	US004	TRAINING	TRAIN	REV	403002			
Total:			-15,000.00		Total Adj Amt:		-15,000.00		Calculate	
Accounting Date:			09/09/2009		Billed Amount:		-15,000.00		Create Entries	
					Difference:		0.00			

Unbilled AR Distribution

## Conclusion

It is considered best practice to analyze Project Costing integration and to implement delivered preventative controls to reduce upstream data entry errors. After careful analysis of the integration and data entry requirements to support the organization's reporting, accounting, and billing objectives, a strong preventative control configuration plan should be deployed to significantly reduce the level of effort involved in data entry and the laborious task of correcting data entry errors downstream.

Although preventative controls can greatly reduce upstream data issues, it is strongly recommended that delivered functionality be introduced to assist in the reconciliation, validation, and issue identification of information that has been processed by Project Costing and Contracts. The Project Costing Workbench can be leveraged to reduce project reporting and billing errors by identifying transactions that have been approved in the subsystems but have not been integrated to Project Costing. The Contracts Reconciliation Workbench can be deployed to give Contract Administrators and the Billing team a first look at the unbilled balance from a summarized or granular level. This real-time information can then be used to reduce the Contract unbilled balance in some cases. This workbench can also be used to facilitate revenue and billing reconciliation for all fixed amount type of projects particularly those contracts that have generated bills using the Value Based billing method.

**For More Information:**

Cardinal Point, an Oracle gold partner, offers project-centric organizations industry-focused strategic consulting and systems integration. Specializing in PeopleSoft Financial Applications, Fusion Project Portfolio Management and OBI Project Analytics, Cardinal Point experts use innovative tools to design and implement proven solutions.

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