

 **Viewpoint**  
Jobpac Connect<sup>™</sup>

Removing Incurred Cost from Subcontracts  
Function Guide  
Version: 1.0

## Document Control Table

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## Change History

Version	Date	Author	Description of Changes
1.0	31/1/2022	DMB	Initial Release

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# Removing Incurred Cost from Subcontracts

## Removal of Incurred Cost

### Explanation of Incurred Cost

When a SC Payment is being prepared, the user can enter two values against each SC Item and SC Variation when authorising a payment. These are the Valuation Amount and the Authorised Amount.

The Difference between the Current Valuation amount and the PREVIOUS Authorised amount (i.e. Authorised in Last Claim) **for each SC Item** is the Incurred cost. This amount updates the Cost centre associated with the SC Item with Incurred Cost.

See examples below

	Current Authorised	Previous Authorised	Current Valuation	Current Valuation - Previously Authorised	Incurred Cost
<b>Starting position</b>	0	0	0	0	0
<b>Prepare Claim 1</b>	5000	0	5000	5000	5000
<b>Post Claim 1</b>	5000	5000	5000	0	0
<b>Prepare Claim 2</b>	12000	5000	14000	9000	9000
<b>Post Claim 2</b>	12000	12000	14000	2000	2000
<b>Prepare claim 3</b>	17000	12000	15000	3000	3000
<b>Post Claim 3</b>	17000	17000	15000	-2000	0

The Valuation amount is the user's estimate of the value of the work done to date, and the authorised amount is the amount the user is going to pay that subcontractor. Both of these values need to be entered. Commonly, the Valuation amount is set equal to the Authorised amount.

There is a configuration setting the will cause the Valuation amount to be automatically set to the Authorised amount, and cannot be overridden. This is a recommended setting, and should only be NOT set if the user has a specific reason to use Valuation.

This configuration setting is in the SC Maintenance Screen.

# Removing Incurred Cost from Subcontracts

**Subcontract Maintenance** ACTIONS OK BACK

Costing Work Id 918  
 Job 1000 Building 1- No Retention Lump Sum  
 Subcontractor SUB01 Subcontractor 01  
 Agreement 10009001 Description Subcontract 1 Trade

Type of Contract Contract Status  Active  Complete  Financially Complete Contact  
 Use Payment Schedule instead of Payment Authority Package Code  
 Acceptance Date Agreement Sent Returned Commencement Date  
 Original Completion Extensions of Time (in days): Approved Waiting Approval  
 Defects Period Expires Release Sent Extension Completion Release Received

Default valuation amount equal to authorised amount

The parameter SBC01 position 16 can be used to set the default for this setting.

## When Valuation amount is set to default to Authorised amount.

When this is set, the user has no control over the calculation of the Incurred Cost. The system defaults the Valuation amount to the Authorised amount, and cannot be overridden. With This setting, when a SC Payment is Posted, the Incurred cost will always be set back to zero.

If the Cost Centre associated with the SC Items does have an Incurred cost, a Cost Centre rebuild may fix the issue.

## When the Valuation amount is Manually Entered

There are two circumstances where you might want to get rid of the Incurred Cost.

- The first is when all SC Payments have been made, and there is incurred cost remaining against cost centres on the project.**

Use the CWIP enquiry in the current Job Cost Period to see which cost centres and SC Agreements have incurred cost.

**CWIP Enquiry** ACTIONS OK BACK

Job NPC01 STRATHFIELD APARTMENTS Sorted by CC/Creditor/PO/Type/Date

Start Period  Actuals 0.00  
 Finish Period JUL20  Incurred 79,798.00  
 BFM 0.00  
 CWIP 79,798.00

DESCRIPTION ORDER INVOICE COST CENTRE DESCRIPTION ACTIVITY TEXT

CWIP Types  Actuals  Incurred  BFM Movement  Job to Date  Year to Date  Month to Date  Range

Cost Code	CT	Date	CWIP Type	Typ	Creditor	PO/SC Agrmt Number	Item No.	Item Description	UOM	Rate	Amou
10300	ST	30/11/20...	INC	SCV	AA004	DMB00103	3	VI:Registered Surveyor			1,000.00
11100	PI	17/01/2012	INC	DS	BORCON	NPC01001	16	PREMIXED CONCRETE - 40MPA		150.0000	2,700.00
11100	PI	17/01/2012	INC	DS	BORCON	NPC01001	17	PREMIXED CONCRETE - 40MPA	MIN	1.0000	8.00
11101	ST	1/02/2019	INC	SCV	AA005	NPC01B0	1	Test delegation	EACH		100.00
11101	ST	1/01/2019	INC	SCV	AA009S	NPC01A6	1	Testing delegation	EACH		100.00

# Removing Incurred Cost from Subcontracts

As an example agreement no DMB00103 has 1,000 incurred Cost. This agreement is fully paid, but the incurred cost remains.

Start a new SC Payment, and select the **Original Works Screen**. Check the Valuation Qty (or Amount for Lump Sum) is equal to the authorised Qty (or Amount for Lump Sum).

Subcontract Payment Authorisation - Original Works

Job: NPC01 STRATHFIELD APARTMENTS RCTI: Y  
 Subcontractor: AA004 AARON CONTRACTING PTY.LTD.  
 Agreement: DMB00103 Test Claim: 2 Schedule of Rates: Retention: Cash

Original Works	Current Contract	Current Valuation	Total Authorised	Net Authorised
Totals	85,000.00	85,000.00	85,000.00	
Item totals		85,000.00	85,000.00	

AUTHORISED SC CLAIMED HEAD CONTRACT ITEMS COST CENTRE

Hide Apply Clear

Show Only Items Requiring Reasons

Item	Description	Tax Code	Unit	S/C Clm Qty	Valuation Qty	Authorised Qty	S/C Claimed Amt	Authorised Ar
1	Test		EA	1,000.0000	1,000.0000	1,000.0000	50,000.00	50,000.00
2	New line		EA	500.0000	500.0000	500.0000	35,000.00	35,000.00

In this case they are equal, so nothing to be done in this screen.

Select the **Variation screen**. . Check the Valuation Qty (or Amount for Lump Sum) is equal to the authorised Qty (or Amount for Lump Sum).

In this case the two variations 010005 and 010014 do not have valuation quantities. Set the Valuation Quantities equal to the Authorised Quantities. **This is particularly important for negative authorised quantities, as the formula Valuation Amount – Previously authorised will result in a positive value.**

Complete the SC Payment cycle. The result is a zero SC Payment. This should be posted.

Subcontract Payment Authorisation - Variations

Job: NPC01 STRATHFIELD APARTMENTS RCTI: Y  
 Subcontractor: AA004 AARON CONTRACTING PTY.LTD.  
 Agreement: DMB00103 Test Schedule of Rates: Retention: Cash

Variations -	Current Contract	Current Valuation	Total Authorised	Net Authorised
Approved Totals	4,000.00	5,000.00	4,000.00	
Unapproved Totals				

SUMMARY AUTHORIZED SC CLAIMED COST CENTRE DESCRIPTION AUTH THIS CLAIM AUTH THIS CLAIM QTY CLAIM VALUES

Hide Apply Clear

Show Only Items Requiring Reasons

Varn#	Description	Sts	Assd/Approvd Qty	SC Claimed Qty	Valuation Qty	Authorised Qty	UOM	Assd/Approvd Ra
010004	Test	A	100.0000	100.0000	100.0000	100.0000	EA	20.0000
010005	Test	A	50.0000	50.0000	50.0000	50.0000	EA	60.0000
010005	VI:Registered Surveyor	A	100.0000	100.0000		100.0000	EA	40.0000
010014	Negative Variation	A	5.0000-	5.0000-		5.0000-	EACH	1,000.0000

# Removing Incurred Cost from Subcontracts

- The second is when all SC Payments have NOT been made, but those already prepared have been posted and there is incurred cost remaining against cost centres on the project.

Agreement PC01S03 below has all SC Payments posted, but still has an incurred cost of \$1,500.

CWIP Enquiry											
Job NPC01 STRATHFIELD APARTMENTS											
Sorted by CC/Creditor/PO/Type/Date											
Start Period										Actuals	0.00
Finish Period AUG20										Incurred	12,050.00
										BFM	0.00
										CWIP	12,050.00
DESCRIPTION	ORDER	INVOICE	COST CENTRE DESCRIPTION	ACTIVITY	TEXT						
<input type="checkbox"/> Hide <input type="checkbox"/> Apply <input type="checkbox"/> Clear											
CWIP Types <input checked="" type="checkbox"/> Actuals <input checked="" type="checkbox"/> Incurred <input checked="" type="checkbox"/> BFM											
Movement <input type="radio"/> Job to Date <input type="radio"/> Year to Date <input type="radio"/> Month to Date <input checked="" type="radio"/> Range											
From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/> From <input type="text"/>											
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Cost Code	CT	Date	CWIP Type	Typ	Creditor	PO/SC Agrmt Number	Item No.	Item Description	UOM	Rate	Amount
10300	ST	30/11/20...	INC	SCV	AA004	DMB00103	3	VI:Registered Surveyor			1,000.00
11101	ST	1/02/2019	INC	SCV	AA005	NPC01B0	1	Test delegation	EACH		100.00
11101	ST	1/01/2019	INC	SCV	AA009S	NPC01A6	1	Testing delegation	EACH		100.00
11103	ST	1/02/2019	INC	SCV	AA005	NPC01B0	2	Test delegation	EACH		150.00
11700	SH	30/03/2...	INC	SCV	AA008	PC01S02	1	SCAFFOLDING	ITEM		3,000.00
33050	ST	30/04/2...	INC	SCV	AB019	PC01S04	1	TILING SUPPLY & FIX	ITEM		6,200.00
38010	ST	15/03/20...	INC	SCV	GR049S	PC01S03	1	LANDSCAPING	ITEM		1,500.00

As there are remaining SC Payments to make, it is not appropriate to create and post a zero SC Payment as it will use a Claim no.

The **Subcontract Valuation** function can be used, as this will not add another claim number, and will only update Valuation figures.

Subcontract Valuation screens look exactly the same as SC Payment Authorisation, except only Valuation QTY and Amounts can be entered.

The SC Payment Valuation – Variations is selected.

Subcontract Payment Valuation - Variations											
Job NPC01 STRATHFIELD APARTMENTS											
Subcontractor GR0495 JOANNE GREEN LANDSCAPE PTY LTD											
Agreement PC01S03 LANDSCAPING											
			Lump Sum	Retention	Cash	RCTI Y					
Variations -		Current Contract	Current Valuation	Total Authorised	Net Authorised						
Approved Totals		9,000.00	7,000.00	5,500.00							
Unapproved Totals		5,500.00									
SUMMARY											
<input type="checkbox"/> Hide <input type="checkbox"/> Apply <input type="checkbox"/> Clear											
<input type="checkbox"/> Show Only Items Requiring Reasons											
Frm <input type="text"/> Contains <input type="text"/> Contains <input type="text"/> = <input type="text"/> From <input type="text"/> From <input type="text"/> = <input type="text"/> From <input type="text"/> From <input type="text"/> = <input type="text"/> From <input type="text"/> From <input type="text"/> = <input type="text"/>											
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Varn#	Description	SC Reference	Sts	Assd/Approvd Price	SC Claimed Amount	F A	Valuation Amount	Auth %	Authorised Amount	E	
010001	EXCAVATION - ROCK		A	2,000.00	600.00	Y	2,000.00	100.00	2,000.00	N	
010002	ADDITIONAL TREES		A	7,000.00	10,500.00	N	5,000.00	50.00	3,500.00	N	
0200...	Design Change	SD45545	R	5,500.00		N				N	

## Removing Incurred Cost from Subcontracts

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The Valuation amount is \$5,000 compared to Previous Posted (equal to Current Posted) of \$3,500. This is what is producing the incurred cost of \$1,500

This value can be changed in this screen to \$3,500. The incurred cost will then reduce to zero.

It is important to return to the Summary screen and then complete the Cycle to get the Valuation value to register. Once on Summary screen, then select Ok, Then Ok on the retention screen.