Pencil Copy Payment Applications – Creating and Submitting

DGS utilizes the Payment Application form in ProjectTeam to initiate, record, and track the Pencil Copy Payment Application Process and capture the associated records. This process is critical for tracking project progress, identifying work completed, and ensuring that proper payments are made.

The resulting documents from the approved Pencil Copy Payment Application are then utilized to generate the invoice packet for submission through the DIFS Portal.

The Pencil Copy is not your invoice submission to DGS. All vendors are required to submit a Pencil Copy in ProjectTeam for review and approval prior to submitting their invoice to DGS.

Table of Contents

Creating a Pencil Copy Payment Application 2
- General Tab 4
- Item Breakdown Tab 7
- Financial Summary Tab 10

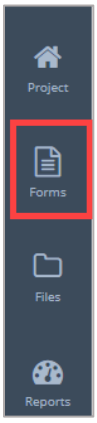
Attach Supporting Documentation 11
Workflow the Pencil Copy Payment Application 12
Next Steps - Rejected Payment Application 13
Next Steps - Approved Payment Application 15
Generating a Merge Document 15
Complete the Action Item 18
Item Breakdown Table Columns and Fields Definitions 19
List of Potential Supporting Documentation 21

Creating a Pencil Copy Payment Application

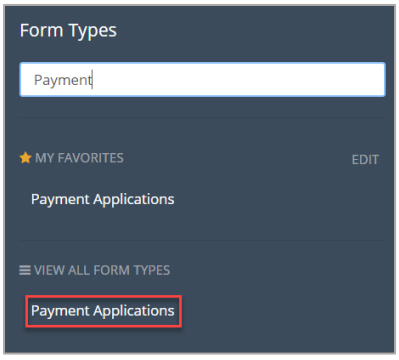
Vendors submit their Pencil Copy Payment Application (Payment Application) in ProjectTeam to the DGS Project Manager via workflow. The assigned DGS Project Manager for the project will receive an email notification when the workflow has been started by the vendor and can use the link in the email to go directly to the record in ProjectTeam or access the submission through the Payment Applications log from within the project in ProjectTeam.

Vendors MUST use the workflow to submit their Pencil Copy, and the workflow is the official submission record. Submissions from vendors via email, phone, or Action Items are not valid and the Pencil Copy Payment Application process must be completed prior to invoicing in the DIFS Portal**.**

1. Within the project, click the **Forms** icon on the left navigation pane.



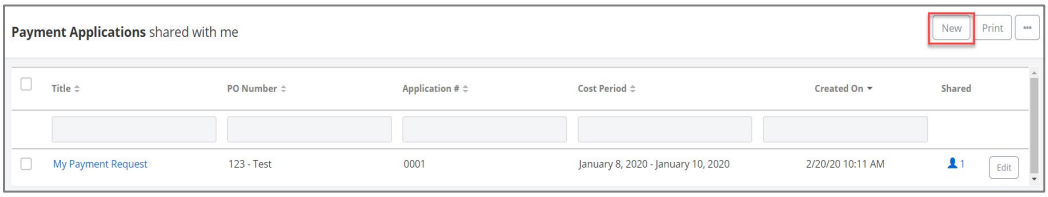
2. In the search area of the **Form Types** start to enter Payment and then select **Payment Application**.



3. There are two ways to create new Payment Application records. Follow either **a**. or **b**. below based on applicability to your situation.

a. If you are creating the first Payment Application for your contract, click the **New** button at the top-right and select your contract using the check box and **Choose Contract** button when prompted.

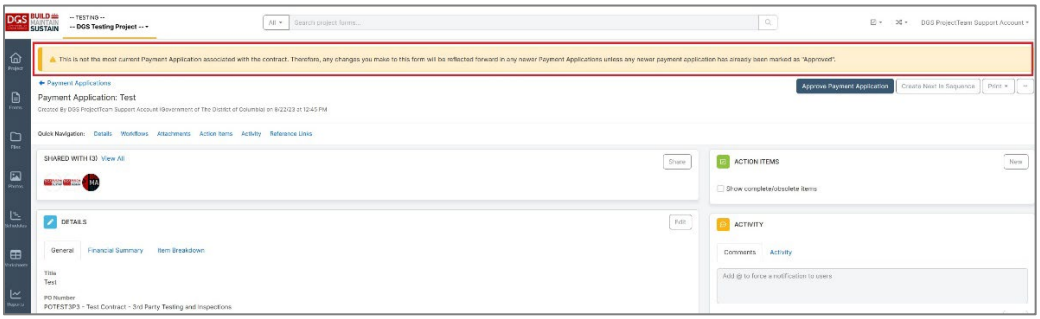
NOTE: If you do not see your contract record to select in the list, reach out to the DGS Project Manager for the project. **DO NOT** create your own contract record in ProjectTeam.



b. If this is not the first Payment Application for your contract, click on the **Title** of the previous Payment Application to open the record and click on the **Create Next in Sequence** button to create the next Payment Application in the series.



NOTE: If you see an orange warning banner at the top of the form when you open it, that record is not the most recent Payment Application record in the system for your contract. You should always be working on the most recent Payment Application for your contract. Go back to the Log and select the most recent record or reach out to your coworkers to have them share any Payment Applications records they created with your company share group to edit and submit or obsolete that version.



4. Note the form contains three tabs at the top of the **Details** Section. Each tab captures and/or dispalays information to create the Payment Application and facilitate the Pencil Copy Payment Application process.



The form opens on the General Tab, so we will start there.

General Tab

1. Enter a **Title** for the pay application.

   NOTE: The title should include your company name, your unique invoice number, and the total amount due for this Payment Application separated by hyphens (i.e. **Smith Contracting – INV#09872-1 – $145,987_76)**.



2. **PO Number** will carry over from the selected contract along with the title of the contract from the system record. This is the base contract or original PO number for the contract.



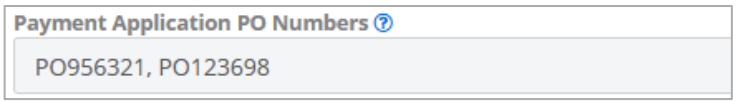
3. In the **Contract Information** section, click the **Add Existing** button to add your contract information from the existing system records.



   a. Click the applicable **checkbox** beside the contract title to select the record and click the **Add** button. **Make sure to select the same contract you selected when initiating the payment application.**



4. **Payment Application PO Numbers.** Enter all PO Number(s) from approved Contract(s) and Change Order(s) that are being included in the Payment Application. If 5 of 9 POs associated with a contract have billable amounts on the Payment Application, then there would be 5 PO numbers listed in this field.



5. **Application #** This field auto-numbers based on the number of Pencil Copies submitted for that contract. This is NOT your vendor invoice #, and can be manually entered if the auto-numbering is out of sequence, but it is recommended to leave it as-is.



6. The date of the Payment Application will appear in the **Application Date** field. This is the date of the Pencil Copy application, not your invoice date. The field auto-populates with the date of creation and it is recommended to leave the auto-populated date in the field unless there is a processing issue necessitating changing it.



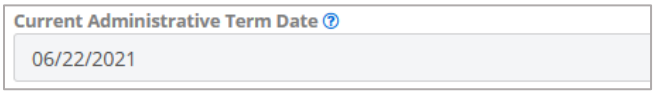
NOTE: This date is the system-linked date for validating Change Order applicability on a Payment Application If the Approved Date of a Change Order is prior to the Application Date in the Payment Application, the Change Order is valid for that billing period and can be added to the Item Breakdown.

7. Select the **Cost Period** from the list.



NOTE: The Billing Period End Date must fall within the cost period selected. If the cost period required is not in the list, please reach out to the DGS Project Manager to have it added.

8. **Current Administrative Term Date** Enter the current administrative term date for your contract. This date can be found on either your Contract or approved Change Orders if the date has been revised.



9. Select a **Billing Period Start Date** from the calendar. This date is the first day of the billing period.



NOTE: The Billing Period Start Date for your first Payment Application on each contract MUST be the date that the contract was awarded (signed by the DGS Contracting Officer) or contractual NTP date if specifically listed in the Contract.

10. Enter a **Billing Period End Date** from the calendar. This date is the last day of the billing period.



11. The **Vendor Invoice #** is your internal company invoice number and MUST be unique for each Payment Application submitted for each contract/project.



12. Ignore the ***Invoice Submitted Date*** field at this time. Come back and enter this date once the Payment Application has been approved and you are ready to generate the Invoice packet and submit it in the DIFS Portal.

13. **Signator's Name**. Enter the name of the person that will sign the invoice packet at submission.



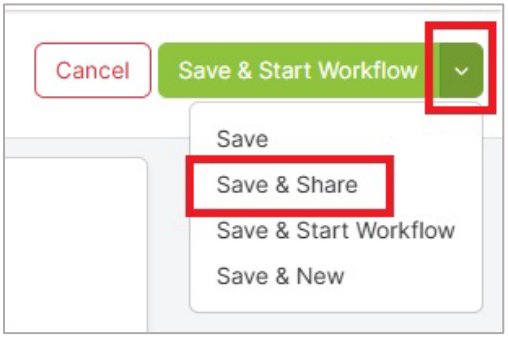
If the Signatory is part of the project's Directory, then their name will show up as an option in the pick list. If not, the correct name can be manually typed in the field.

14. **Signator's Title**. Enter the position title of the signatory listed above



15. Click the arrow to the side of the **Save & Start Workflow** button and select **Save & Share** to save the record for the next steps. Share with your company share group using the checkbox next to the name of your company share group in the pop-up and clicking the **Share** button when prompted.

    Important: You MUST save at this time to enable the **Add Change Orders** function in the Item Breakdown tab for the next steps. Failure to save now and reopen the Payment Application in the following step will result in the inability to add any awarded change orders to the Payment Application.



Next, we complete the Item Breakdown tab.

Item Breakdown Tab

The Item Breakdown collection automatically populates cost lines from the Schedule of Values contained in the Contracts form and applicable valid Change Orders that have been added to the Payment Application in either previous Pencil Copies or as part of the current Payment Application creation process.

The Item Breakdown Line Items/Cost Lines are NOT the full broken-out schedule of values for your contract and are typically structured so that each row represents a single purchase order.

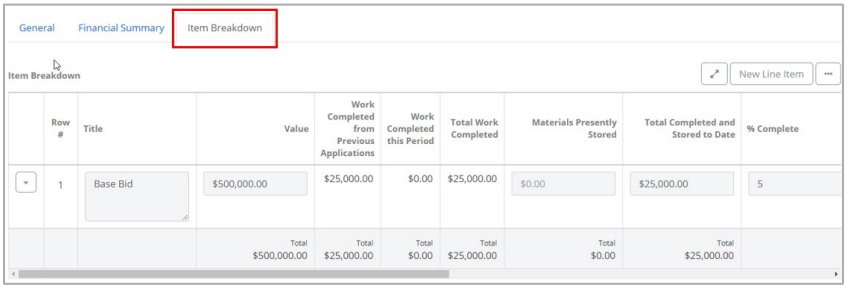
The full schedule of values breakdown showing the applied amount for each activity is captured in your company invoice, completed AIA G-703 form, or equivalent approved supporting documentation added as an attachment to the Payment Application. Add the applicable total

amount for each PO from your backup to the appropriate cost line(s) in the Item Breakdown section.

1. Click the **Edit** button to reopen the Payment Application in Edit Mode.

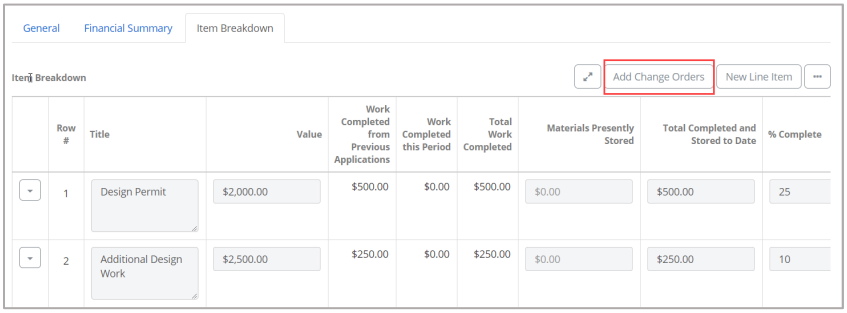


2. Click on the **Item Breakdown** tab. This will display the **Item Breakdown table** where values are entered.

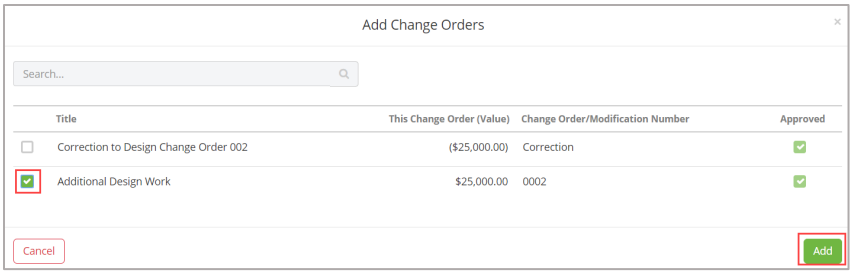


3. To add approved change orders to the Item Breakdown so that they can be billed, click the **Add Change Orders** button.

NOTE: If you do not see your change order record in the Item Breakdown or in the list, and that change order was valid during the billing period, reach out to the DGS Project Manager.

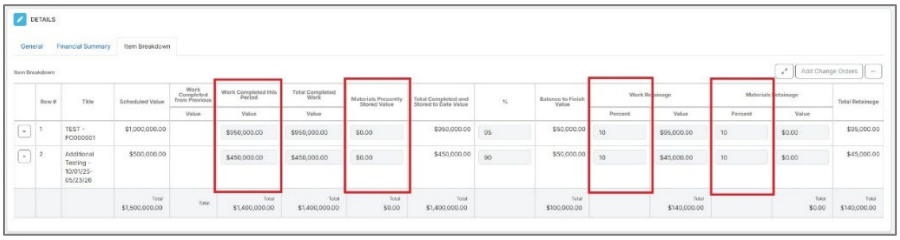


   a. Click the **checkbox beside the title of each approved change order** you wish to add to the Payment Application and click the **Add** button.



4. Line items can be updated for a billing period by updating values in each row. Enter a value ($) in the **Work Completed this Period**, **Materials Presently Stored Value**, **Work Retainage Percent,** and **Materials Retainage Percent** for each row and the remaining columns for that row will calculate accordingly.

NOTE: See Definitions for explanation of each field. Many of the fields in the Item Breakdown are editable when creating your Payment Application. Using the three fields listed above in Step 4 is the simplest and preferred method to enter the applicable data. Entering data in alternate fields can be done with the same end results for billing but in a more roundabout way. Each user is responsible for checking the amounts for accuracy prior to submitting the Payment Application.



Reducing/Releasing Retainage or Accounting for Previously Stored Materials

To account for previously stored materials or reduced/released retainage, manually **reduce** the **Materials Presently Stored Value or Work/Materials Retainage Value** amount(s) or percentage(s) and add the corresponding amount to the total in the **Work Completed This Period** field. The system automatically accounts for the previous payment for stored materials and/or adds the released retaining into the Current Due amount.

NOTE: Prior to invoicing for released retainage, ensure that DGS and contractual procedures for retainage release are followed and that supporting documentation is prepared. If there are any questions, contact the DGS Project Manager.

5. Click the **Save button** to save the data on the Item Breakdown Tab.



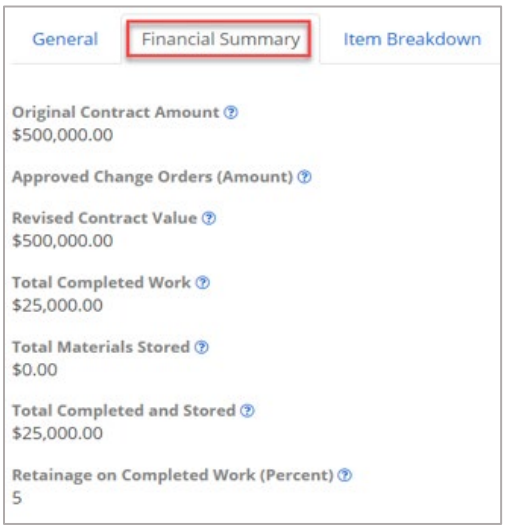
Next, we will review the Financial Summary tab.

Financial Summary Tab

A current summary of the financial information for the contract is displayed. Review and verify the data. Click on the "?" beside each value for an explanation of the field.

There is no data entry required on this tab.

6. Click on the **Financial Summary tab** to review and validate the financial summary values for this Payment Application prior to submission.



7. Make any corrections in the Item Breakdown tab if the billing numbers are incorrect. Reach out to the DGS Project Manager if any contract or change order values are incorrect.

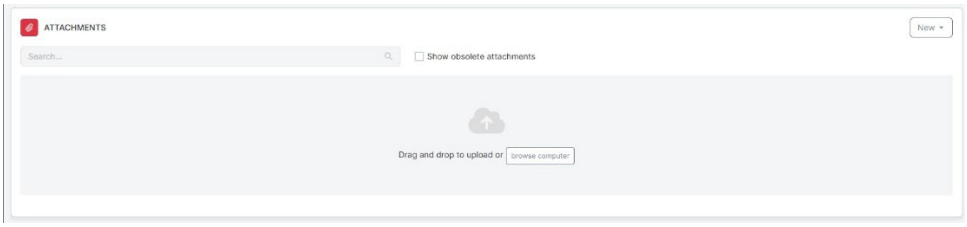
   The data entry portion of the Payment Application creation is now complete. Follow the steps in the next sections to attach your supporting documentation and submit for review and approval.

Attach Supporting Documentation

Attach any supporting documentation required to facilitate Payment Application invoice review and approval. Please discuss requirements with the DGS Project Manager and obtain a list of required supporting documentation.

NOTE: The documents required to support your Payment Application may differ from the supporting documentation required for your invoice packet. Additional documents can be added as attachments prior to creation of the merge document if required. A list of potential supporting documentation is provided at the end of this QRG.

1. Drag and drop any supporting files to the **Attachments** section of the record or use the **browse computer** button to navigate your computer and select files to attach.



All attached files should be in PDF format. Never attach live, editable, or native format files in ProjectTeam except where explicitly directed or required.

Submit the complete Payment Application via workflow using the details on the following pages.

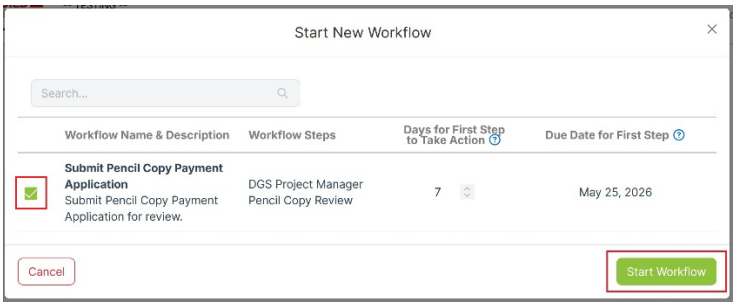
Workflow the Pencil Copy Payment Application

You must submit the Payment Application to DGS Project Manager for review and approval via the ***Submit Pencil Copy Payment Application*** workflow.

1. Scroll to the Workflow section of the document and click the **Start New** button.



2. Click the checkbox beside the **Submit Pencil Copy Payment Application** workflow and click the **Start Workflow** button.



NOTE: If you are resubmitting a Payment Application via workflow after correcting issues, use the 'Restart' button on the previous workflow (see screenshot below) to restart it rather than using the 'New' button.



When you click the Start Workflow button, the DGS Project Manager will be notified via email that your Payment Application has been submitted and will begin their review. They will cancel the workflow and add notes in the cancellation to reject the Payment Application back for corrections or pass the workflow and assign an Action Item to the appropriate vendor company user to approve the Payment Application.

Proceed with the next steps for either a Rejected Payment Application or an Approved Payment Application as appropriate once you have received notification from the DGS Project Manager.

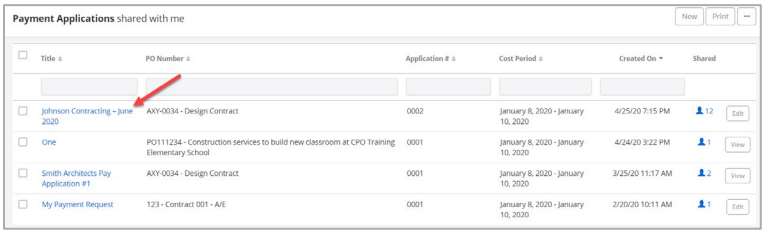
Next Steps - Rejected Payment Application

If DGS rejects the Payment Application and requests corrections and/or changes, you will receive an email notification that the workflow for the submission has been cancelled.

Click the link in the email to go the rejected Payment Application in ProjectTeam or open the record through the Payment Applications log as shown in Step 1 below if accessing the record later.

NOTE: DO NOT CREATE A NEW PAYMENT APPLICATION TO CORRECT ERRORS WHEN A PAYMENT APPLICATION IS REJECTED BY DGS. OPEN THE EXISTING REJECTED PAYMENT APPLICATION RECORD TO EDIT AND RESUBMIT IT UNTIL IT IS COMPLETE, CORRECT, APPROVED, AND FULLY PROCESSED BY DGS.

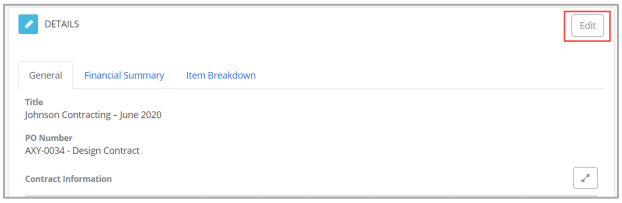
1. Open the Payment Application log and click the **Title** of the Payment Application you wish to edit.



2. Review the Review Comments field on the General Tab. This is where the DGS Project Manager will note the reason(s) for rejection, and any instructions for correction.

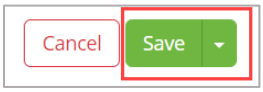


3. Click the **Edit** button in the Details section to open the document for changes.

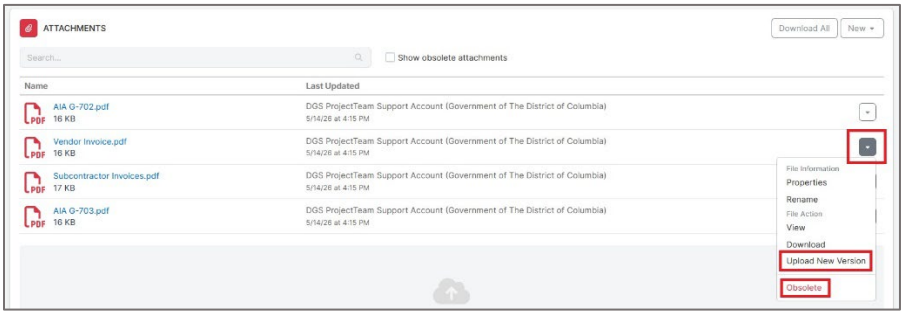


3. Make required corrections and/or changes to the form using the applicable instructions from this QRG for that tab/field/function.

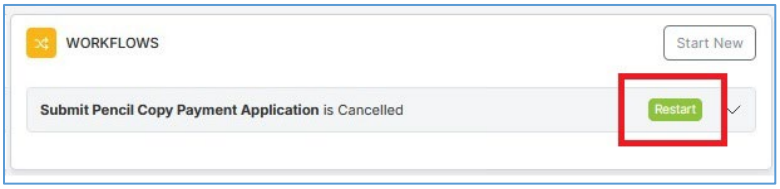
4. Click the **Save** button located in the top right corner to save the information.



5. Supporting documentation files can be replaced in the Attachments section via the 'Upload New Version' function available after clicking the arrow button to the right of the file in the Attachments section and following the prompts to select the new version. Attachments can be Obsoleted or 'removed' from the record allowing replacement files to be added by choosing the 'Obsolete' option instead of 'Upload New Version' and adding the replacement file through Drag-and-Drop or 'Browse Computer'.



6. **Restart** the workflow to resubmit the Payment Application for review by DGS once the required corrections have been made.



7. Repeat Steps 1-6 above as required until Payment Application is approved.

Next Steps - Approved Payment Application

The user who started the workflow will receive a notification via email that the workflow has been completed and an **Action Item** email notification will be sent to the appropriate responsible contact(s) for the vendor firm on the project notifying them that the Payment Application has been approved.

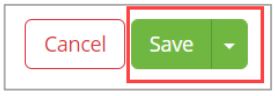
NOTE: The DGS Project Manager is responsible for attaching any required DGS-produced documentation in the Attachments section of the form as part of their approval process. Make sure any required DGS documentation has been attached prior to generating the merge document so that it is in the merge document and part of your invoice submission. Reach out to the DGS Project Manager if anything is missing or incorrect.

1. Navigate to the Payment Application record, open in Edit Mode using the **Edit** button.

2. Enter the **Invoice Submitted Date.** This is the date that the actual invoice packet will be submitted in the DIFS Portal (i.e. if you are going to submit the invoice packet immediately following completion of the steps below, enter today's date. If you will need to have the invoice packet signed by an executive and that will take two days, enter the date two days from now).



3. Click the **Save** to complete the changes.

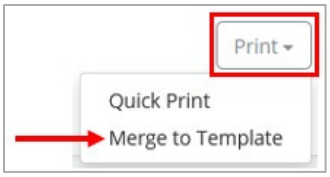


4. Attach any required additional supporting documentation in the **Attachments** section on the form

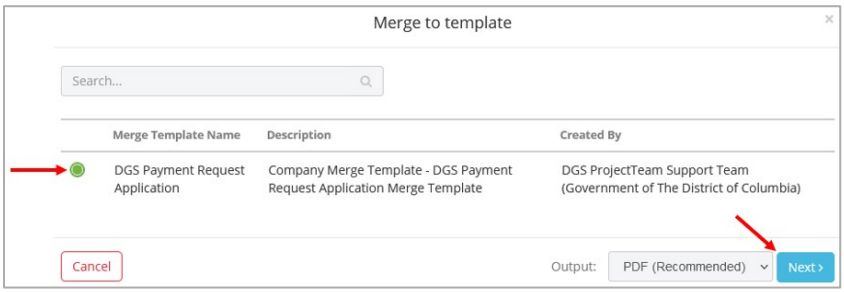
Next, generate a merge document from your approved Payment Application. You will use the merge document to create your invoice packet for signature and submission in the DIFS Portal.

Generating a Merge Document

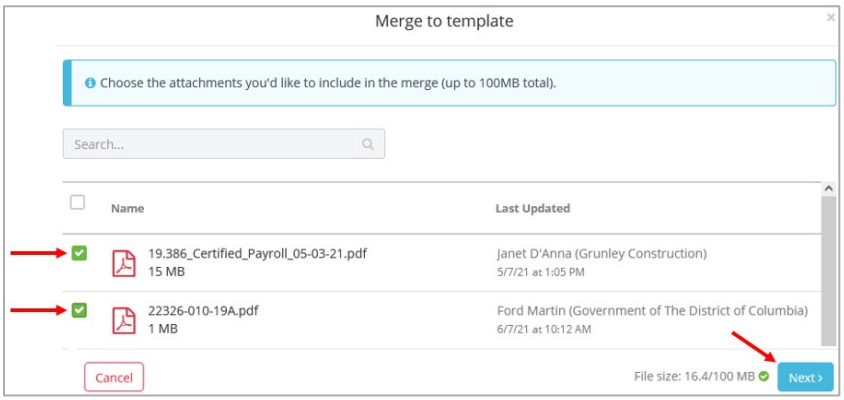
5. Click the **Print** button located in the top right corner and click **Merge to Template**.



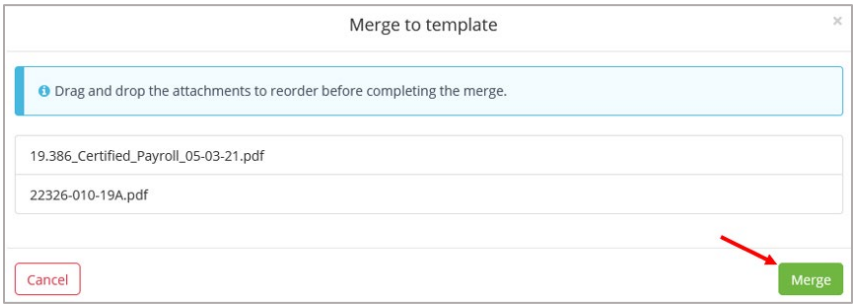
a. Click the **radio button beside the title** of the merge template and click the **Next** button. (If there are no attachments added to the record, the button will display as “Merge”)



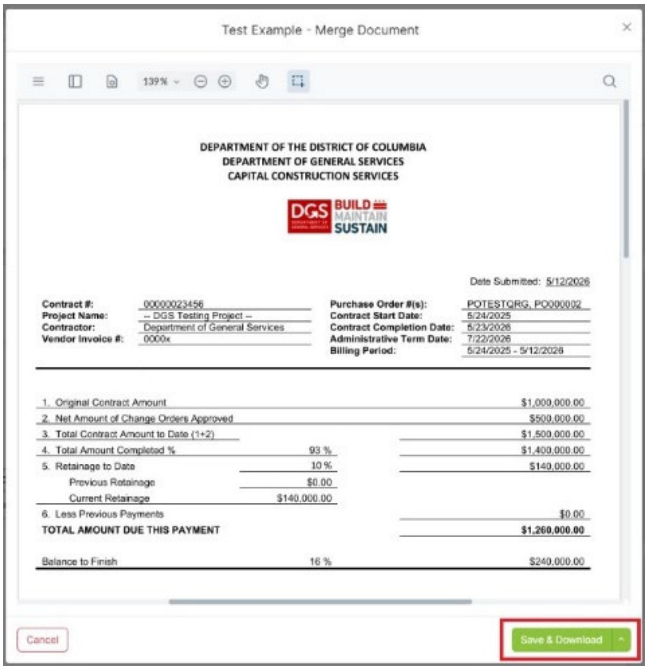
b. If there are attachments added to the document, you may select which files you wish to add to the merge output. Click the **checkbox beside the attachment(s)** to be included and click the **Merge** button.



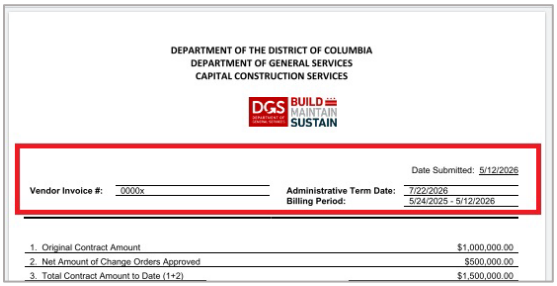
c. Drag the files in the list to **Arrange** the Attachments in the order that they should print. The merge template will generate the required cover pages for the document followed by the selected attachments in order that you arrange them here.



d. Click the **Save & Download** button to save the merge document and download it for use.



NOTE: If your merge document is incomplete and missing lines at the top of the cover page as shown in the image below, you skipped adding your Contract Information to the Payment Application in the General Tab (Page 4; Step 3). Edit the Payment Application to add the missing info, save, and re-run the merge document.



6. Create your invoice packet using the downloaded merge document and adding any additional supporting documentation required.

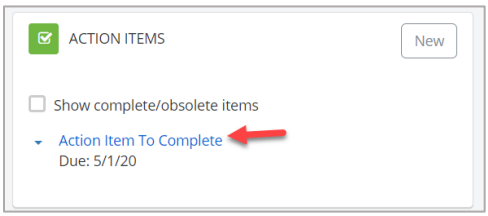
7. Sign the top sheet from the merge document in the provided space.

8. Submit the completed invoice packet through the DIFS Portal according to the instructions for that system.

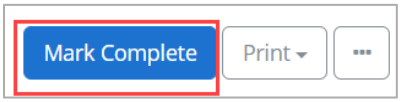
Next, complete the Action Item.

Complete the Action Item

9. Click the **Action Item link** in the Payment Application form, in the email that you received, or under Action Items in ProjectTeam to open the Action Item.



10. Click the **Mark Complete** button to close the Action Item.



The Pencil Copy Payment Application Process is now complete.

Item Breakdown Table Columns and Fields Definitions

ROW #
Field Type: Auto Number – System-generated
Details: System-generated row number

Title
Field Type: Text - System-generated
Details: Row title from associated cost line in applicable system Contract or Change Order record; typically, a single PO

Scheduled Value
Field Type: Currency - System-generated
Details: Total billable value of row; typically, a single PO

Work Completed from Previous
Field Type: Currency - System-generated Calculation
Details: Total value billed for that row from previous payment applications

Work Completed This Period
Field Type: Currency – Manually Entered by Vendor
Details: Value of work completed for that row in that billing period

Total Completed Work
Field Type: Currency – System Generated Calculation or Manually Entered by Vendor
Details: Sum of current and previously completed work for that row.

Materials Presently Stored Value
Field Type: Currency - Manually Entered by Vendor
Details: Value of materials stored for each row and billing period

Total Completed and Stored to Date Value
Field Type: Currency – System-generated Calculation
Details: Total amount of complete and stored materials to date for that row

%
Field Type: Percentage – System-generated Calculation or Manually Entered by Vendor
Details: This field is the % of the completed work and stored materials to date for that row

Balance to Finish Value
Field Type: Currency – System-generated Calculation
Details: The amount remaining based on Scheduled Value and Total Completed Work for that row

Work Retainage Percent
Field Type: Percentage – System-generated Calculation or Manually Entered by Vendor
Details: Work Retainage % per Contract

Work Retainage Amount
Field Type: Currency – System Generated Calculation or Manually Entered by Vendor
Details: Amount reflects Work Retainage percent against the Work Completed this Period

Materials Retainage Percent
Field Type: Percentage – System-generated Calculation or Manually Entered by Vendor
Details: Material Retainage % per Contract

Materials Retainage Amount
Field Type: Currency – System Generated Calculation or Manually Entered by Vendor
Details: Amount reflects Materials Retainage percent against the Materials Presently Stored for that row

Total Retainage
Field Type: Currency – System Generated Calculation
Details: Total retainage amount (Work and Materials) held for that row

List of Potential Supporting Documentation

This list is neither prescriptive nor all-inclusive and contains items that may be required as supporting documentation for either Pencil Copy Payment Applications or vendor invoices. Supporting documentation requirements are project, contract, and record specific. It is the responsibility of the DGS Project Manager to provide the project specific supporting documentation requirements to their vendors.

1. Vendor Invoice
2. AIA G-702 Form
3. AIA G-703 Form
4. Schedule of Values
5. Subcontractor Invoices
6. Delivery Tickets
7. Bills of Lading
8. Packing Lists
9. Warehouse Receipts
10. Inventory Receipts
11. Stored Material Photographs
12. Weekly Reports
13. Monthly Progress Report
14. Release of Liens
15. Certified Payrolls
16. Timesheets
17. Certificate of Substantial Completion
18. Permits
19. Inspections
20. Purchase Receipts
21. Progress Photographs
22. Reports
23. Final Release of Liens
24. Bonds
25. Schedule/Fragnets/Look-ahead
26. Lien Waivers
27. Equipment Rental Agreements
28. Other Documents Listed in Contract