

Sage 300 Construction and Real Estate  
**Subcontractor Compliance Management**  
Training Supplement for Version 12.1

CERTIFIED COURSE CURRICULUM  
SAGE UNIVERSITY



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# Subcontractor Compliance Management

Depending on the type of project and its location, the subcontractors and suppliers who work for you may be required to furnish proof of insurance, submit lien release documents, weekly certified payroll reports, and so on.

By using Job Cost with Accounts Payable, you can ensure that you have the proper documentation from your vendors on file before you pay them.



**WARNING:** If you do not use Job Cost, you can track vendor insurance and vendor miscellaneous compliance items but you cannot track lien waivers or weekly certified labor reports.

In this lesson, you learn how to manage vendor compliance. Topics include:

- Setting up your software for compliance management.
- Incorporating compliance tracking into your Accounts Payable workflow.
- Upgrading lien waivers and insurance from a prior version of the software to version 12.1.

## Compliance Management Overview

You may need to track several different types of documents when you work with subcontractors and suppliers. Using your software's compliance management system, you can monitor:

- Details of a subcontractor's insurance policies, as well as specific policies that are required by job.
- Different types of lien waiver documents, such as:
  - Pre-lien notice.
  - Conditional waiver and release upon progress payment.
  - Unconditional waiver and release upon progress payment.
  - Conditional waiver and release upon final payment.
  - Unconditional waiver and release upon final payment.



**NOTE:** Lien waivers are governed primarily by state laws and vary from state to state. Depending on the state in which the project is located, you may not need to track all these types of lien waivers.

- Payments and lien waivers for secondary vendors (these are sub-tier vendors who do not work directly with you).
- Receipt of weekly certified labor reports.

In addition to the above, you can monitor other items. For example, a vendor's trade license, completed W-9 form, drug test results, and so on. To create additional compliance items, select **File > Company Settings > Custom Descriptions**, and customize the list for **AP Misc Compliance Type**.

Based on the compliance tracking requirements that you define, the software creates records of expectation during your Accounts Payable workflow. For example, it can automatically create records of conditional lien waivers after invoice entry, records of unconditional lien waivers after invoice payment, and records to track certified reports for each week they are due. These records of expectation are used to alert you when items are outstanding. It can warn you during invoice entry, invoice payment selection, and can even block invoice payment if a vendor has not turned the necessary documents.

When your vendors submit compliance documents, you can receive them during your normal Accounts Payable workflow tasks or use **Tasks > Subcontractor Compliance Management** to indicate that they are no longer outstanding.

## Set Up Your Software For Compliance Tracking

Because compliance requirements vary from state to state and even by job, the software allows you to customize compliance management settings based on your company's needs.

The areas in which you define compliance management settings include:

- Accounts Payable settings (**AP: File > Company Settings > AP Settings**).
- Vendor setup (**AP: Setup > Vendors**).
- Job setup (**JC: Setup > Jobs**).
- Commitment setup (**JC: Tasks > Commitments**).



**NOTE:** Commitments are required if you want the software to automatically generate records of expectation to track when certified reports are due. See "Commitment Setup" on page 17.

In addition, if you want the system to automatically generate records that indicate when weekly certified labor reports are due from your vendors, you must enable the **Certified Reports Service**. This utility is automatically installed on the server where Sage 300 Construction and Real Estate is installed. To access it, select **Start > All Programs > Sage > Sage 300 Construction and Real Estate > Reporting and Other Tools > Certified Report Service Setup**.

If you use security in Sage 300 Construction and Real Estate, you must supply the **User name** and **Password** of a software security administrator in order to enable the **Certified Reports Service** and configure when it runs. You enter the credentials in **Account Name** and **Password** in the **Certified Report Service Settings** window.

Certified Report Service Settings

Enabled

Daily Run Time 12 : 00 AM

Account Name sage.customer

Account Password .....

OK Cancel

The service is running.



**FOR MORE INFORMATION:** See the Help topic called "About certified reports" to learn how to set up the **Certified Reports Service**.

## Accounts Payable Settings

Open the **AP Settings** window and click **Compliance Settings**.

**Menu Path—AP: File > Company Settings > AP Settings > Compliance Settings**

### Lien Waivers

Your software can automatically generate lien waiver records which are primarily used for tracking purposes.



**NOTE:** As an alternative, you can manually enter lien waivers in Accounts Payable instead of allowing the software to automatically generate the records. See “Subcontractor Compliance Management Task,” on page 20. Your system can still alert you when manually entered lien waivers are outstanding.

**Conditional Lien Waivers**—specify settings on this tab if you perform work in a state where conditional lien waiver forms are used. A vendor typically submits this signed release form prior to receiving payment.

**Unconditional Lien Waivers**—specify settings on this tab if you perform work in a state where unconditional lien waivers are used. A vendor typically submits this signed release form after receiving payment.

On each tab:

- Select when lien waiver records are generated and how the **Lien waiver through date** is assigned. The option that you select depends on your business process.



**FOR MORE INFORMATION:** See “System Generated Lien Waiver Records” on page 23 to learn how lien waiver amounts are created based on the option that you select in **AP Settings**.

- In the boxes next to **Partial** and **Final**, specify the report formats for printing lien waiver documents should you need to send them to your vendors to request their signature. These report formats are automatically used when you print forms in the **Subcontractor Compliance Management** task. However, you can change the format during print time to accommodate unique state requirements.



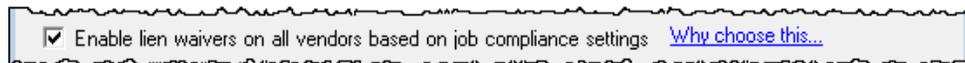
**NOTE:** The software provides you with default report formats but you can use custom ones as long as the designs are created in SAP Crystal Reports. If your custom report formats for lien waiver documents are created in Sage 300 Construction and Real Estate Report Designer, you cannot print them in the **Subcontractor Compliance Management** task; you must add them to the **Reports** menu in order to print them.

- Select the amount that the software uses to generate final lien waivers.



**FOR MORE INFORMATION:** See “Final Lien Waivers,” on page 27.

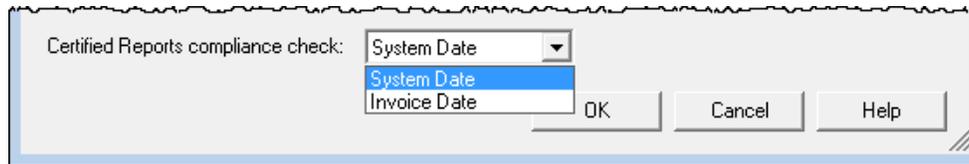
The **Enable lien waivers on all vendors based on job compliance settings** check box determines how lien waiver records are automatically generated.



- Select the check box to automatically generate lien waiver records for all vendors by vendor type as specified on the job (**JC: Setup > Jobs > Job Compliance** tab). In other words, if you select this check box and specify the Subcontractor vendor type on Job A, the software generates lien waiver records for any vendor that belongs to the vendor type Subcontractor when it is associated with Job A.
- If you do not want the software to generate lien waiver records for all vendors by vendor type, clear the check box. The software still generates lien waiver records for vendors by vendor type as specified on the job, however it only creates them for vendors with the **Create lien waivers for this vendor based on job settings** check box selected (**AP: Setup > Vendors > Insurance/ Compliance** tab).

## Certified Labor Reports

For certified jobs that require weekly labor reports, specify the date for **Certified Reports compliance check**. The software compares this date to the report due date and can issue a warning if a report is outstanding from your vendor.



 **WARNING:** You must configure the Sage Certified Reports Service so that the system can generate records that indicate when weekly certified labor reports are due.

 **NOTE:** To track certified reports, you must indicate that they are required on the job—see “Job Setup,” on page 15. In addition, you must also enter the **Actual Start** date on commitments that are associated with the job—see “Commitment Setup,” on page 17.

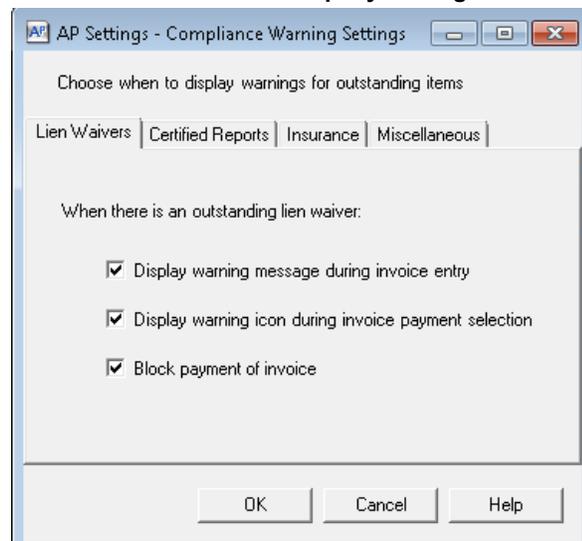
## Compliance Warning Settings

Click **Compliance Warning Settings** to specify when the software warns you if:

- Lien waivers, certified reports, and other items are outstanding.
- Proof of insurance is required but not received or policies have expired. The settings on the **Insurance** tab control warnings for insurance on vendors and commitments.

 **NOTE:** If you disable warnings during invoice entry, no visual warning indicators appear during invoice entry tasks and no warnings print on journals.

**Menu Path—AP:** File > Company Settings > AP Settings > Compliance Warning Settings



## Vendor Setup

You define the **Vendor type** for each vendor that you set up. Compliance requirements vary by vendor type for each job.



**NOTE:** You customize the names for **AP Vendor Type 1 to 4** in **Custom Descriptions**.

**Menu Path—AP: Setup > Vendors > General tab**

Vendor Setup window showing the General tab. The Vendor ID is 102 and the Name is Acme Door & Glass Distributors. The Address is 50 W Front Street, Portland, OR 97332. The Telephone is (503)245-8162 and the Fax is (503)245-8138. The Vendor type is Subcontractor. The Customer account is 32567. The Inactive checkbox is unchecked. Buttons at the bottom include Save, Cancel, List..., Attachments..., Delete, and Help.

Other compliance settings are on the **Insurance/Compliance** tab of the **Vendor Setup** window.

**Menu Path—AP: Setup > Vendors > Insurance/Compliance tab**

Vendor Setup

Vendor: 102 Name: Acme Door & Glass Distributors

T5018 Settings | Current Balances | Totals | **Insurance/Compliance** | Custom Fields

Insurance Certificates... Track insurance policy expiration dates and receipt of certificates.

Misc. Compliance Items... Track licenses, permits, test results, and other miscellaneous compliance items.

Create lien waivers for this vendor based on job settings

You can have the system warn you or prevent payments when items are out of compliance. Select File > Company Settings > AP Settings, click [Compliance Settings], and click [Compliance Warning Settings].

To manage receipt of these items, select Tasks > Subcontractor Compliance Management.

Save Cancel List... Attachments... Delete Help

**Lien Waivers**

The **Create lien waivers for this vendor based on job settings** check box determines whether or not lien waiver records are automatically generated for a vendor. You are only required to select this check box if the following two statements are true in **AP Settings**:

- The software is set up to automatically generate lien waiver records.
- The **Enable lien waivers on all vendors based on job compliance settings** check box is cleared.

## Insurance

Click the **Insurance Certificates** button and enter information about the various types of policies that the vendor is required to maintain. Four insurance types are already set up in the software—general liability, automobile, umbrella, and worker’s compensation.



**NOTE:** If you need to track additional types of insurance, use **Custom Descriptions** and customize the field names for **AP Custom 1** and **AP Custom 2**. The insurance types are the same for vendors and commitments.

**Menu Path—AP:** Setup > Vendors > Insurance/Compliance tab > Insurance

If there is a type of insurance where the policy varies by job, select the **Require per commitment** check box—this automatically marks the insurance type as required for any commitment that you set up with the vendor. You will enter the details for this insurance type on the commitment setup.

Your software can warn you when a policy has expired or when the expiration date is missing for any insurance that requires proof.

If payment to a vendor is blocked because the insurance is not in compliance, you can select the **Override** check box to unblock it.

## Miscellaneous Compliance Items

There may be additional documentation that you require from your vendor such as a valid state trade license or a completed W-9 form. Click the **Misc. Compliance Items** button to specify such items.

**Menu Path—AP: Setup > Vendors > Insurance/Compliance tab > Misc. Compliance Items**

	Misc Compl Type	Jurisdiction	Received	Received Date	Required	Required on Job	Date Expired	Required for Final Compliance	Effective Date	Description
	Trade License	WA	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>		
	Trade License	OR	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>		
	Punch List	Not Specified	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>		
	Signed Contract	Not Specified	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>		
	Completed W9	Not Specified	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		

For each item that you want to track, select a **Misc. Compl Type** from the list. This is a list that you create in **Custom Descriptions** for **AP Misc Compliance Type**.

Your software can warn you if any item is past its expiration date or is marked required but not received.

For vendor compliance items that are job specific, select the **Required on Job** check box. This allows you to track such items on jobs that the vendor works on. For example, a signed contract with the vendor is required for every job so you mark the compliance item as **Required on Job**. When you set up a commitment for the vendor and commit it, that compliance item is automatically made required for the job that is specified on the commitment.

When appropriate, select the **Jurisdiction** for an item. For example, a subcontractor who performs work in multiple states need to provide a trade license for each state. The list of jurisdictions are defined in **Custom Descriptions** for the field **AP Jurisdiction**.



**NOTE:** You can customize the field name **AP Jurisdiction** in **Custom Descriptions** to use it for another purpose.



**FOR MORE INFORMATION:** See “Jurisdiction” on page 16 to learn about specifying the jurisdiction on the job, and “Miscellaneous” on page 25 to learn about miscellaneous compliance items that are job specific.

If there are items that are only due at the completion of the work that the vendor is contracted to do, select **Required for Final Compliance**.



**FOR MORE INFORMATION:** See “Final Compliance Approval” on page 28 learn how this feature works.

If payment to a vendor is blocked because an item is not in compliance, you can select the **Override** check box to unblock it.

## Job Setup

Open the **Job Setup** window and select the **Job Compliance** tab. For each job, you specify the compliance requirements by vendor type.

**Menu Path—JC: Setup > Jobs > Job Compliance**

	Subcontractor	Supplier	Other	Equip Supplier
Generate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lien Waiver:				
Min. Amount for Lien Waivers:	\$500.00 Commitment...	No Min. Amt Selected...	No Min. Amt Selected...	No Min. Amt Selected...
Require Certified Reports:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Require Final Compl. Approval:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Lien Waivers

If you specify in **AP Settings** that the software automatically generates lien waiver records, you must select the vendor type for which to generate lien waivers.



**NOTE:** If the **Enable lien waivers for all vendors based on job settings** check box is cleared in **AP Settings**, you must also select the **Create lien waivers for this vendor based on job settings** check box on the vendors (refer to “Vendor Setup,” on page 11) for which you want the software to generate lien waiver records.

If applicable:

- Enter the minimum amount that is required before lien waivers are created.
- Change the through date used on lien waiver records if it varies from job to job. The date type that is already selected comes from **AP Settings**.

## Certified Labor Reports

Select the **Require Certified Reports** check box for the vendor types that are expected to submit weekly certified labor reports.

Also, specify the day of the week that indicates the end of each certification week. The software uses this day in conjunction with the **Actual Start** date of the commitment schedule to establish when reports are due.

## Final Compliance Approval

If you want to hold back a percentage of a commitment from payment until a final review of the work has been approved, select the **Require Final Comp. Approval** check box and enter the final percentage of the commitment that is held back.

When you invoice the final percent of the total revised commitment amount, the software requires an authorized user to select the **Final Compliance Approval** check box on the commitment (**JC: Tasks > Commitments**) before the invoice can be paid.



**FOR MORE INFORMATION:** See “Final Compliance Approval” on page 28 to learn how this feature works.

## Jurisdiction

Select the jurisdiction for the job. The list of jurisdictions is the same as the one for vendor miscellaneous items (**AP: Setup > Vendors > Insurance/Compliance tab > Misc Compliance Items**).



**FOR MORE INFORMATION:** See “Miscellaneous” on page 25 to learn how the jurisdiction on the job affects miscellaneous compliance items that are job specific.



## Insurance

Click **Insurance** to enter the policies that the vendor must have in order to work on a specific job.



**TIP:** In the **Insurance for Commitment** window, when you click **View Vendor Insurance**, it displays the policies from the vendor setup (**AP: Setup > Vendors**) but you cannot change them.

Select the **Received** check box if the insurance certificate is on file. This automatically sets the current system date as the **Received date** but you can change it. Your software can warn you when required insurance types have not been received or have expired.

### Menu Path—JC: Tasks > Commitments > Insurance

The screenshot shows the 'Insurance for Commitment 12001-01' window. It features a left-hand navigation pane with a 'View Vendor Insurance...' button. The main area is divided into six sections, each with a title and a set of input fields and checkboxes:

- General Liability Insurance:** Company: Acme Insurance; Policy number: XYZ123456789; Effective date: 5/1/2013; Expiration date: 4/30/2014; Limit: 1,000,000; Received date: (empty). Checkboxes: Required (checked), Override (unchecked), Received (unchecked).
- Automobile Insurance:** All fields are empty. Checkboxes: Required (unchecked), Override (unchecked), Received (unchecked).
- Umbrella Insurance:** All fields are empty. Checkboxes: Required (unchecked), Override (unchecked), Received (unchecked).
- Worker's Insurance:** All fields are empty. Checkboxes: Required (unchecked), Override (unchecked), Received (unchecked).
- Custom 1 Insurance:** All fields are empty. Checkboxes: Required (unchecked), Override (unchecked), Received (unchecked).
- Custom 2 Insurance:** All fields are empty. Checkboxes: Required (unchecked), Override (unchecked), Received (unchecked).

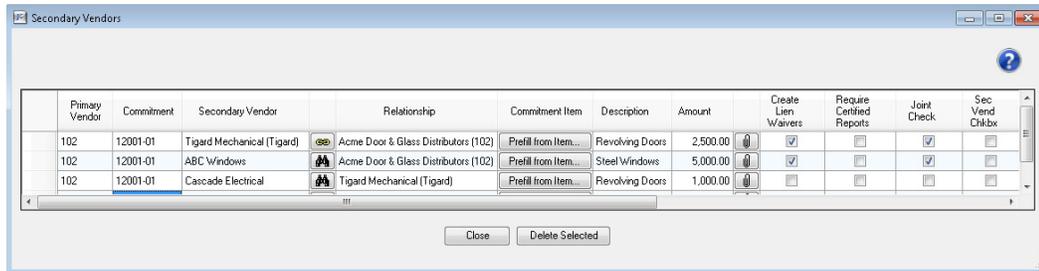
At the bottom of the window, there are three buttons: 'View Vendor Insurance...', 'OK', 'Cancel', and 'Help'.

## Secondary Vendors

Secondary vendors are suppliers or subcontractors who do not work directly with you. These sub-tier vendors work directly or indirectly with your vendor. You may need to issue joint checks to both primary and secondary vendors, or even require secondary vendors to submit compliance documents.

Click **Secondary Vendors** to specify sub-tier vendors, their relationship with your vendor, and what is required from them.

### Menu Path—JC: Tasks > Commitments > Secondary Vendors



Primary Vendor	Commitment	Secondary Vendor	Relationship	Commitment Item	Description	Amount	Create Lien Waivers	Require Certified Reports	Joint Check	Sec Vend Chkbox
102	12001-01	Tigard Mechanical (Tigard)	Acme Door & Glass Distributors (102)	Prefill from Item...	Revolving Doors	2,500.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
102	12001-01	ABC Windows	Acme Door & Glass Distributors (102)	Prefill from Item...	Steel Windows	5,000.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
102	12001-01	Cascade Electrical	Tigard Mechanical (Tigard)	Prefill from Item...	Revolving Doors	1,000.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

When you specify the **Secondary Vendor**, you can select from a list of Company or Person contacts in Address Book, or you can create a new one. Secondary vendors do not have to be linked to an Address Book Company or Person, nor do they have to be set up as an Accounts Payable vendor.

Use the **Relationship** column to specify the vendor relationship. A secondary vendor may work directly with the primary vendor or with another sub-tier vendor.

You can associate a secondary vendor with a **Commitment Item**. The **Description** and **Amount** is automatically entered based on the commitment item but you can change it. For example, if the commitment item is \$10,000 but the secondary vendor is only involved with \$2,000 of that amount. Furthermore, if a commitment item involves several different sub-tier vendors, you can select the same commitment item for different secondary vendors.

Use the check boxes to indicate whether the secondary vendor is required to submit weekly certified labor reports or lien waivers. An additional check box is available for your reporting needs—you can customize the column name called **JC Sec Vend Chkbox** in **Custom Descriptions**.

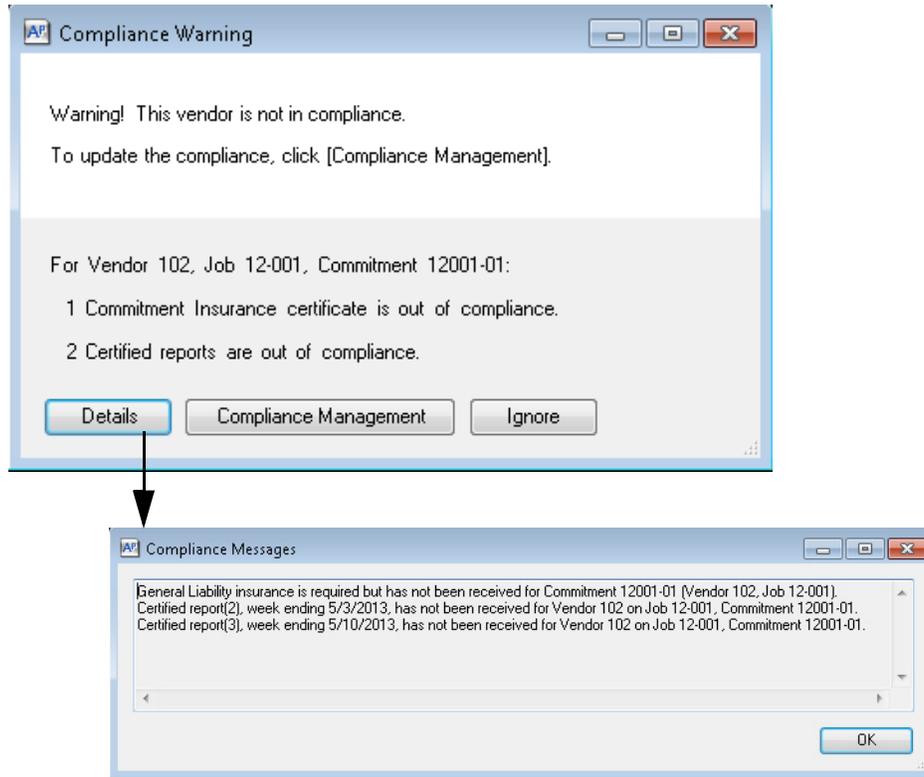
If you are required to pay the primary and secondary vendor with a joint check, select the **Joint Check** check box. You can use this information on reports to indicate that a joint check is required for a specific commitment item.



**NOTE:** When you enter an invoice against the commitment or select the invoice for payment, you can display a list of all the secondary vendors on the commitment and select the one to use on the joint check.

## Subcontractor Compliance Management Task

Records of expectation are used to alert you during various Accounts Payable workflow tasks when there are outstanding compliance items. When such warnings appear, you have the option to display additional information or to manage the items. In the example shown below, a list is shown when you click **Details** in the **Compliance Warning** window.



If you click **Compliance Management** in the **Compliance Warning** window, it starts the **Subcontractor Compliance Management** task. You use this task to:

- Access and manage compliance items.
- Display documents that were scanned and stored in Document Management.
- Manage secondary vendors.
- Manually create and delete records of expectation.



**NOTE:** **Subcontractor Compliance Management** is also accessible from the **Tasks** menu in Accounts Payable and from the **Contract Control** menu in Project Management.

In the **Subcontractor Compliance Management** window, you select the **Job** and **Vendor** for which to display compliance items.



**TIP:** If you only select **Job** in the **Subcontractor Compliance Management** window, it displays compliance items for all vendors associated with the job.

**Menu Path—AP: Tasks > Subcontractor Compliance Management**

	Received	Vendor	Commitment	Type	Vendor Level	Secondary Vendor	Relationship	Invoice
*	<input type="checkbox"/>							

Compliance items are shown in a grid on four separate tabs: **Lien Waivers**, **Certified Reports**, **Insurance**, and **Misc**.



**NOTE:** The **Subcontractor Compliance Management** window displays compliance items for jobs in your current database. When you use **Tools > Move > Job** to archive a job, the associated compliance items are also moved.

If you use Document Management to scan and store images of compliance documents, you can display them from this task. When you click the **Document Management Lookup** link, it displays images for the document type of the tab that is selected. In other words, if you want to see all the scanned certified labor reports that the vendor submitted for the job, select the **Certified Reports** tab first, and then click the **Document Management Lookup** link.

When you receive compliance documents from your vendor, select the item in the grid, and then select the check box in the **Received** column. The **Received Date** is automatically entered with the current system date but you can change it.

If your system is set up to warn you or block payments when there are outstanding compliance items, this is triggered by any item where the **Received** check box is cleared or it is past the item's expiration date. Under certain circumstances, you may want to process a payment even when it is blocked—you can do so by selecting the **Override** check box.

## Lien Waivers

The **Lien Waivers** tab displays all the lien waiver records that the system automatically generates.



**FOR MORE INFORMATION:** See “System Generated Lien Waiver Records” on page 23.

If you do not allow the software to automatically generate lien waiver records but want to track them, you can manually enter the lien waiver information here. To create a lien waiver record:

- Click in the last empty row, as indicated by an asterisk in the left border, and enter the details.
- Press **Tab** or **Enter** to move to the next row to save the record.

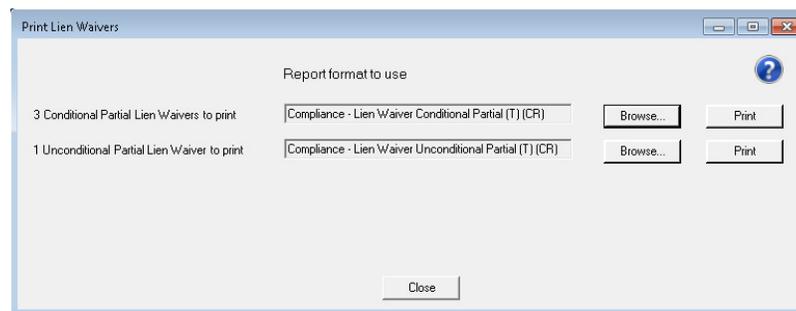
You can change the information in any column except for **Vendor** and **Commitment**. For example, you need to indicate that the lien waiver is a final one—change the **Type** from **Conditional Partial** to **Conditional Final**.



**FOR MORE INFORMATION:** See “Final Lien Waivers” on page 27.

You can also delete lien waiver records. If you delete lien waiver records, they are permanently removed from the database.

If your business process requires you to send lien waiver forms to your vendors to sign and return, select a lien waiver record from the grid and click **Print** to print a copy of it. It may be necessary to print several forms for a vendor, perhaps even different form types. To do so, select several lien waiver records and click **Print**.



**NOTE:** The lien waiver document is based on the report format defined in **AP Settings** (see “Accounts Payable Settings,” on page 8) but you can change it at print time.

You can also email a lien waiver document by clicking **Send**. You can select multiple lien waivers for one email recipient at a time.

### System Generated Lien Waiver Records

When you allow the software to automatically generate lien waiver records, the option that you select in **AP Settings** determines when they are created and the amount. Using this example:

Invoice #2012051					
Pre-tax			Tax	Retainage	Early Payment Discount
\$10,000.00			\$500.00	\$650.00	\$100.00
Distributions					
Commitment	Job	Pre-tax	Tax	Retainage	Early Payment Discount
--	--	\$2,000.00	\$100.00	--	\$20.00
--	13-001	\$1,500.00	\$75.00	--	\$15.00
13001-01	13-001	\$3,500.00	\$175.00	\$350.00	\$35.00
13002-01	13-002	\$3,000.00	\$150.00	\$300.00	\$30.00

Lien waiver records are created as follows. Note that no lien waiver is generated for any invoice distribution that is not associated with a job.

Lien waiver records created at:	Invoice #	Job	Commitment	Lien Waiver Amount
Invoice Posting	20120501	13-001	--	\$1,575.00
	20120501	13-001	13001-01	\$3,675.00
	20120501	13-002	13002-01	\$3,150.00
The lien waiver amount is the full amount of the distribution, including tax.				
Invoice Selection for Payment	20120501	13-001	--	\$1,575.00
	20120501	13-001	13001-01	\$3,325.00
	20120501	13-002	13002-01	\$2,850.00
The lien waiver amount is the amount selected for payment less retainage.				
Invoice Payment	20120501	13-001	--	\$1,560.00
	20120501	13-001	13001-01	\$3,290.00
	20120501	13-002	13002-01	\$2,820.00
The lien waiver amount is the net amount of the paid distribution.				

If you associate a secondary vendor with a commitment and indicate that lien waivers are required, the system generates a lien waiver record for the primary vendor and another one for the secondary vendor. However, the amount of the lien waiver for the secondary vendor is blank.

If the lien waiver is the final one, the amount is determined by the option selected in **AP Settings**. The final lien waiver amount is either the invoice amount, the payment amount, or the revised commitment total.

When you make changes to a posted invoice or invoice payment that affect the amount, job, commitment, or date, the software voids the original lien waiver records and generates new corrected ones. The new corrected lien waivers are not automatically marked as received even if the original ones were when the software voids them; use the **Subcontractor Compliance Management** task to receive them.



**TIP:** The **Receive Lien Waivers** button in **Tasks > Change Invoices** works with receiving lien waivers for unposted invoices.

If your vendor sends you a lien waiver that has a different amount from the one that is generated by the software and you want to match the amount in Accounts Payable to the actual document, you can change the system generated lien waiver record. This does not affect the associated invoice or invoice payment. For example, the early payment discount is not deducted from the amount on the lien waiver document from your vendor.

## Certified Reports

If you set up your software to track weekly certified labor reports, each record on the **Certified Reports** tab indicates the weekly report due date. The Certified Report Service creates one record of expectation for each week that the report is due, from the **Actual start** date of the commitment to the current system date.



**NOTE:** The Certified Report Service is a utility that runs daily on your server. When you configure it, you specify the time that the service runs.

If necessary, you can:

- Create new records. For example, work commenced earlier than the specified **Actual start** date on the commitment and the system did not generate the necessary records.
- Delete records. For example, work commenced later than the specified **Actual start** date on the commitment and the system generated records are unnecessary.
- Change the **Week Ending** date if it is incorrect.

If no report is submitted because no work is performed by the vendor during a specific week, select the check box in the **No Work** column to suppress outstanding compliance item warnings.

As the work comes to a completion and the vendor submits the final certified report, select the check box in the **Final** column so that the Certified Report Service stops generating future records for the commitment.



**WARNING:** If you fail to mark the certified report as final, the system continues to generate records of expectation for certified reports for the commitment.

## Insurance

On the **Insurance** tab:

- Select the **Commitments** sub-tab to display insurance policies on commitments.
- Select the **Vendors** sub-tab to display insurance policies on the vendor. If no vendor is selected in the **Subcontractor Compliance Management** window, it lists all the vendors associated with commitments for the job.

You can add, change, or delete insurance information on the **Commitments** and **Vendors** sub-tabs. This updates the insurance on the commitment or vendor record.



**WARNING:** If you delete insurance information on either sub-tab, it is permanently removed from the appropriate commitment or vendor record.

## Miscellaneous

The **Misc** tab displays miscellaneous vendor compliance items as well as those that are job specific. These are also items that are defined on the vendor record (**AP: Setup > Vendors > Insurance/Compliance tab > Misc. Compliance Items**).

If a miscellaneous compliance item on the vendor record is marked as required on jobs, it is automatically created on the **Jobs** sub-tab when you commit a commitment that is associated with the vendor and the job, as long as:

- There is no jurisdiction for the miscellaneous compliance item on the vendor record.
- The jurisdiction for the miscellaneous compliance item on the vendor record matches the jurisdiction on the job.

For example, the following miscellaneous compliance items on the vendor are required on jobs.

Miscellaneous Compliance Item	Jurisdiction
Trade license	OR
Trade license	WA
Signed contract	

The jurisdiction is assigned to each job as follows.

Job	Jurisdiction
12-001	OR
12-002	WA
12-003	ID

When a commitment is created and committed for each job, the following miscellaneous job specific compliance items are created for the vendor:

Job	Miscellaneous Compliance Item
12-001	Trade license Signed contract
12-002	Trade license Signed contract
12-003	Signed contract

You can add, change, or delete information on the **Vendors** sub-tab. This updates the information on the vendor record.



**WARNING:** If you delete an item on the **Vendors** sub-tab, it is permanently removed from the vendor record.

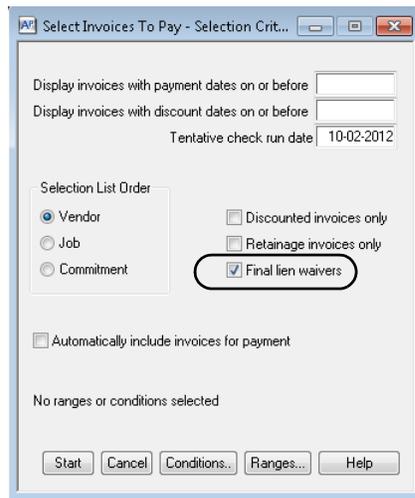
# Final Lien Waivers

Unless indicated, the conditional and unconditional lien waivers that the software generates are partial ones.

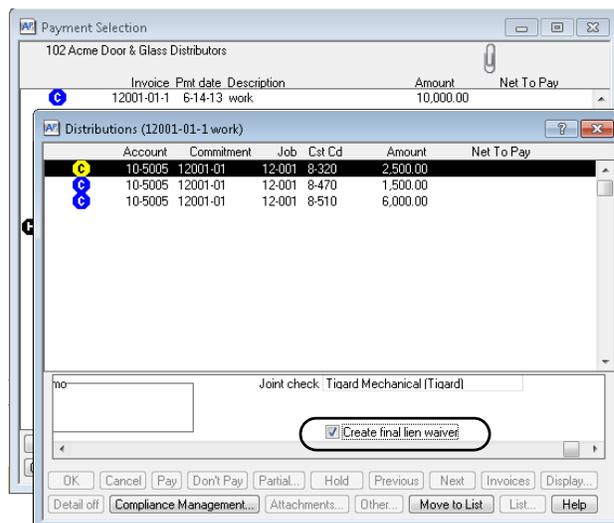
To create final lien waivers, use one of these methods:

- When you receive a signed lien waiver during invoice entry, you can mark it as final. See “Track Lien Waivers” on page 30.
- When you select invoices to pay:
  - You can select the **Final lien waivers** check box. When the selected invoice distributions are paid, the lien waivers are marked as final.

### Menu Path—Tasks > Select Invoices to Pay > On-screen List



- Select the invoice distribution and click **Detail On**, and then select the **Create final lien waiver** check box. Or, click **Other** and select **Final Lien Waiver**.



When you use one of the above methods to generate final lien waivers, the amount depends on the option selected in **AP Settings**, see “Accounts Payable Settings” on page 8.

You can also use the **Subcontractor Compliance Management** task to indicate that a lien waiver record is the final one—select either **Conditional Final** or **Unconditional Final** as the **Type**. You may need to change the lien waiver amount.



**NOTE:** When a conditional lien waiver for a secondary vendor is marked final for a commitment, the system no longer generates additional conditional lien waivers for that particular secondary vendor associated with the commitment.

## Final Compliance Approval

There may be some compliance requirements that are only necessary when the subcontractor’s work is done. For example, you want to hold back paying the last 10% of the commitment amount until the work has been inspected and approved.

You specify the vendor types that require final compliance approval and enter the final compliance approval percentage on the job. In the example below, the final compliance approval is 10%.

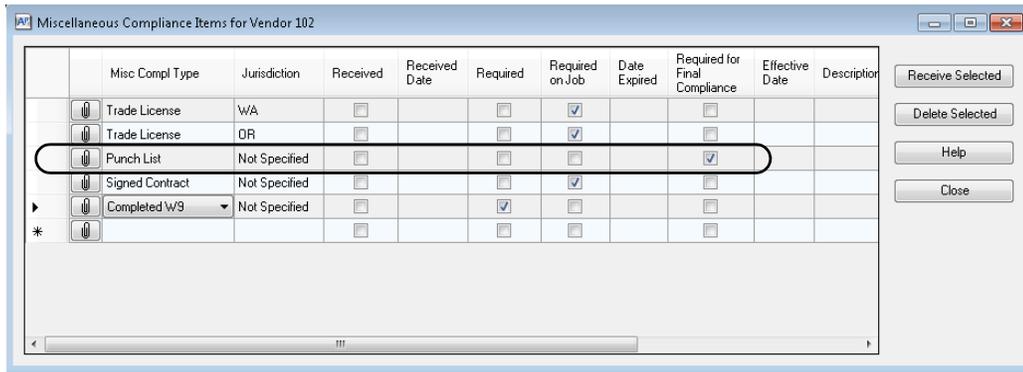
The screenshot shows the 'Job Setup' dialog box with the 'Job Compliance' tab selected. The 'Job' field contains '12-001' and the 'Description' is 'Multnomah County Courthouse'. The 'Job Compliance' tab is active, showing a table with columns for 'Subcontractor', 'Supplier', 'Other', and 'Equip Supplier'. The 'Require Final Compl. Approval' row is highlighted with a red oval, and the 'Subcontractor' checkbox is checked. Below the table, the 'Final compliance approval percentage' is set to '10.0000 %' and is also highlighted with a red oval. The 'Choose jurisdiction' is set to 'OR' and the 'Day of week ending for Certified Reports' is set to 'Friday'. Buttons at the bottom include 'Save', 'Cancel', 'List...', 'Attachments...', 'Delete', and 'Help'.

	Subcontractor	Supplier	Other	Equip Supplier
Generate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lien Waiver:				
Min. Amount for Lien Waivers:	\$500.00 Commitment...	No Min. Amt Selected...	No Min. Amt Selected...	No Min. Amt Selected...
Require Certified Reports:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Require Final Compl. Approval:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

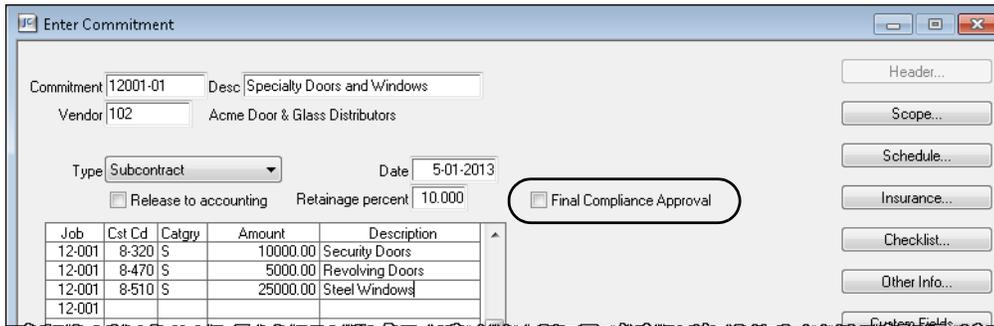
Choose jurisdiction:  Day of week ending for Certified Reports:

Final compliance approval percentage:  Edit Through Date Settings...

A punch list should be completed to ensure that the work is satisfactory. Because this miscellaneous compliance item is only due at the end of the job, it is marked as **Required for Final Compliance**.



When you have paid 90% of the revised commitment total, the software prevents you from making further payments until you select the **Final Compliance Approval** check box on the commitment setup.



**TIP:** If you use final compliance approval, the software prevents you from paying the full or partial final amount even if the **Block payment of invoice** warning is disabled in **AP Settings**.

If you have not marked the punch list as received yet, a warning appears when you select the **Final Compliance Approval** check box on the commitment setup. You must select **Tasks > Subcontractor Compliance Management** to receive outstanding compliance items.

## Compliance Management Workflow Options

There is no prescribed workflow for managing compliance. Your company's business process determines your procedure for compliance tracking.

You may use **Tasks > Subcontractor Compliance Management** to receive and manage compliance items, or you may do so during various Accounts Payable workflow tasks.

Some workflow options are listed below.

### Track Lien Waivers

If you file a preliminary lien notice:

- On the commitment setup, click the **Record Pre-liens** button. Enter the details about the pre-lien, and then click **Generate**.

The 'Enter Commitment' window displays the following data:

Job	Cst Cd	Catgy	Amount	Description
12-001	8-320	S	10000.00	Security Doors
12-001	8-470	S	5000.00	Revolving Doors
12-001	8-510	S	25000.00	Steel Windows

The 'Record Pre-liens' window shows the following details:

Vendor	Job	Vendor level	Secondary vendor	Amount	Date received
102	Multnomah County Courthouse (12-001)	Primary		40,000.00	5/ 5/2018

- Or, in the **Subcontractor Compliance Management** window, select the **Lien Waiver** tab and create a new record with the type **Pre-lien**.

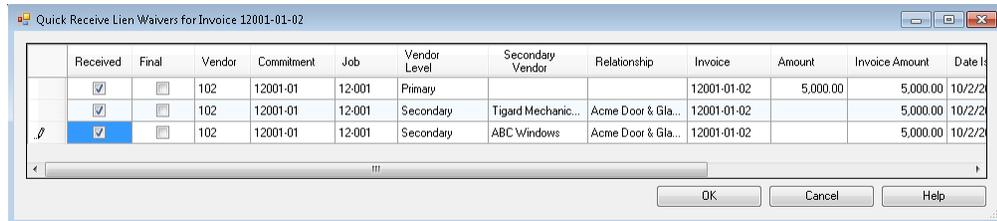
Lien waiver records with the type **Pre-lien** are automatically marked as received.



**NOTE:** You can customize the field name **JC Pre-lien** in **Custom Descriptions**.

If your vendors submit a signed conditional lien waiver form when they send you their invoice:

- Set up **AP Settings** to create partial conditional lien waivers at **Invoice posting**.
- During invoice entry, complete and accept the invoice distributions, and then click **Receive Lien Waivers**.
- In the **Quick Receive Lien Waivers** window, select the **Received** check box for each lien waiver. If the lien waiver is the final one, also select the **Final** check box.



- When you post the invoice, it creates a lien waiver record for the invoice and marks it as received.

If you send your vendors a conditional lien waiver to sign after your invoice payment selection:

- Set up **AP Settings** to create a partial conditional lien waiver at **Invoice payment selection**.
- Complete your invoice payment selection in **Select Invoices to Pay**.
- Use **Tasks > Subcontractor Compliance Management** to print or email lien waiver forms to your vendors to sign.
- When you receive the signed forms, use the **Subcontractor Compliance Management** task to mark them as received.



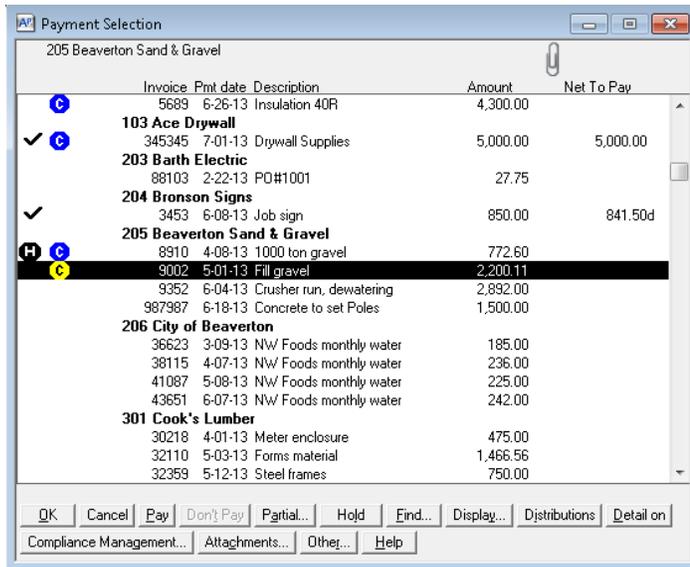
**TIP:** To prevent paying vendors who have not returned signed lien waiver documents, set up **AP Settings** to **Block payment of invoice** when there are outstanding lien waivers.

## Track Weekly Certified Labor Reports

You should have received all the certified labor reports by their due dates before you pay the vendor. You can set up **AP Settings** to warn you of missing past due reports during invoice entry or invoice payment selection, and receive the items from the **Compliance Warning** window.

The example below demonstrates how the system warns you of outstanding compliance items during invoice payment selection. When you select invoices to pay by using an on-screen list, you see a compliance icon next to vendors, invoices, and distributions that are out of compliance. Click **Compliance Management** to

open the **Compliance Warning** window, and then click **Compliance Management** to receive these compliance items.



## Moving From a Previous Software Version

If you already use a prior version of the software to track insurance and lien waivers, read this section to learn how the upgrade to version 12.1 affects you.

### Insurance on Commitments

After you upgrade to version 12.1, the insurance on existing commitments is not considered to be out of compliance. They are neither marked **Required** nor are they marked **Received**, even if the check box **Insurance certified received** is selected on the commitment prior to the software upgrade.

**AP Settings** is automatically configured to display a warning message for out of compliance insurance during invoice entry. You can change the warning settings as needed, see “Compliance Warning Settings,” on page 10.

### Lien Waivers

If your software is already set up to create lien waivers in a prior version, it continues to do so after you upgrade—there is no disruption to lien waivers being generated. Your software continues to generate unconditional lien waivers only for the vendors that are already set up to do so.

If you want to continue using lien waivers as before, there is no need to make any changes to your setup except to disable the warning message during invoice entry—read the next topic, Lien Waiver Setup.

### Lien Waiver Setup

If you already use lien waivers in a previous version, your software is automatically setup as follows after upgrading to version 12.1:

- In **AP Settings > Compliance Settings**, on the **Unconditional Lien Waiver** tab:
  - It is automatically set up to create partial lien waivers at **Invoice payment**.
  - The **Enable lien waivers on all vendors based on job compliance settings** check box is automatically cleared.
  - The amount type for final lien waivers that the software generates is **Payment amount**.
- For existing vendors with the **Create lien waivers** check box selected, they are automatically set up with the **Create lien waivers for this vendor based on job settings** check box selected.

- For existing jobs that are set up to produce lien waivers:
  - All the vendor types are selected.
  - If there is already a lien waiver minimum specified, it is automatically carried over for all vendor types.
- In addition, **AP Settings** is automatically configured to display a warning message for outstanding lien waivers during invoice entry.

To change your setup to use the new compliance management features in version 12.1, read the various topics in this handout, starting with “Set Up Your Software For Compliance Tracking” on page 7.

## Lien Waiver Records

In previous versions of the software, lien waivers are stored in the database tables named `APL_CURRENT_LIEN_WAIVER` and `APL_HISTORY_LIEN_WAIVER`. In version 12.1, lien waiver records are created and stored in a new database table named `JCM_MASTER_LIEN_WAIVER`. When you upgrade your data, the software retains a copy of the records in the old tables and creates a copy in the new table.



**WARNING:** If you have moved closed jobs to an archive data folder but still have lien waivers for these jobs in the current data folder, you should move the associated lien waivers to the same archive data folder as the closed jobs before you upgrade to version 12.1.

Lien waivers that were marked as returned prior to version 12.1 are as marked as received after the upgrade.

**Clear Lien Waivers** and **Change Lien Waivers** are removed from the Accounts Payable **Tasks** menu. To view or manage lien waivers that were created before upgrading to version 12.1, use the **Subcontractor Compliance Management** task.

## Lien Waiver Reports

Lien waiver reports that were shipped with the prior versions of the software—`AP Lien Waivers.rpt` and `AP Lien Waivers with Detail.rpt`—are removed from the Accounts Payable **Reports** menu and from the Reports folder.



**WARNING:** If you want to retain these report designs, you should save them to another location before you upgrade to version 12.1.

There are several new lien waiver reports that ship with version 12.1. You can use these new reports to print a combination of the lien waiver records that were upgraded from a previous software version and new lien waiver records that you create.

If you use custom reports to print lien waivers and the designs are based on the old database table called `APL_CURRENT_LIEN_WAIVER`:

- You can still print them for lien waiver records that were created before the software upgrade.
- You must create new custom reports if you want to print them for lien waiver records created in version 12.1.

You can use either Sage 300 Construction and Real Estate Report Designer or SAP Crystal Reports to create new lien waiver reports. However, if you want to create a report that combines lien waiver records with other compliance records such as certified report or miscellaneous compliance items, you should use SAP Crystal Reports.

## Quick Setup Guide

Use the tables in this section to help you set up the software to track compliance.

### Customize Field Names

The table below lists fields that you can customize to meet your company's compliance requirements.

Use **File > Company Settings > Custom Descriptions** to change a field name or to create a customized list for a field.

Field Name	Usage	Reference	Your Customization
AP Vendor Type 1	Used to categorize vendors. You specify compliance requirements by vendor type for each job.	page 11 page 15	
AP Vendor Type 2			
AP Vendor Type 3			
AP Vendor Type 4			
AP Custom 1	Insurance type on Vendor and Commitment.	page 13 page 33	
AP Custom 2			
AP Jurisdiction	May be used on miscellaneous compliance items and defined on job.	page 14 page 16	
AP Misc Compliance Type	Create a list of miscellaneous compliance items.		
JC Pre-lien	Type of compliance form.	page 30	
JC Sec Vend Chkbox	May be used to track an item on secondary vendors.	page 19	
JC Release Recvd	May be used to track an item on secondary vendors.	page 19	

## Insurance

Setup		Comments	Reference
1.	Custom Descriptions	Create up to two additional types of insurance that vendors are required to maintain.	
2.	Vendor Setup	Enter the details of a vendor's insurance policies.	page 13
3.	Commitment Setup	Enter insurance requirements on the commitment if the vendor is obligated to maintain a separate policy for the job.	page 18
<p><b>NOTES:</b> If you want the system to warn you when there are vendors or commitments with insurance that is out of compliance, define the warning settings in <b>AP Settings</b>—see page 10.</p>			

## Lien Waivers

Use these steps as a guide to set up the software to automatically generate lien waivers.

Setup		Comments	Reference
1.	AP Settings	Define settings for when lien waivers are generated.	page 8
2.	Vendor Setup	May need to specify the vendors for which lien waivers are generated—dependent on AP Settings.	page 11
3.	Job Setup	Specify the vendor types which are required to submit lien waivers and the minimum amount.	page 15
4.	Commitment Setup	Only necessary if you want the system to automatically generate lien waivers for secondary vendors.	page 17
<p><b>NOTES:</b> If you want the system to warn you when there are lien waivers that are outstanding, define the warning settings in <b>AP Settings</b>—see page 10.</p>			

## Weekly Certified Labor Reports

Use these steps as a guide to set up the software to automatically establish when weekly certified labor reports are due.

Setup		Comments	Reference
1.	Certified Reports Service	Enable this service on the server where your software is installed so that the system can generate records which indicate when certified reports are due.	page 8
2.	AP Settings	Define the date type that is used to determine if certified reports are past due.	page 10
3.	Job Setup	Specify the vendor types which are required to submit certified reports and the week ending day of the certified week.	page 15
4.	Commitment Setup	Enter the actual start date of the job.	page 17
<p><b>NOTES:</b> If you want the system to warn you when there are certified reports that are outstanding, define the warning settings in <b>AP Settings</b>—see page 10.</p>			

## Miscellaneous Compliance Items

Use these steps as a guide to set up the software to track other compliance items in the system.

Setup		Considerations	Reference
1.	Custom Descriptions	Create a list of miscellaneous compliance items. If you use jurisdictions, create a list as well.	page 14
2.	Vendor Setup	Define the miscellaneous compliance items that are required and the jurisdiction (if applicable).	page 14
3.	Job Setup	If you use jurisdictions, define the jurisdiction for the job.	page 16
4.	Commitment Setup	Set up a commitment for the vendor and the job to generate miscellaneous compliance items for the vendor that are job specific.	page 25
<p><b>NOTES:</b> If you want the system to warn you when there are outstanding miscellaneous compliance items, define the warning settings in <b>AP Settings</b>—see page 10.</p>			