

Freelance Procedures

There are several approaches that can be taken to post and track freelance charges to a job. Choose the option that best fits with your company's requirements. If you are unsure which option will work best for your company, it is recommended you test each of the options in your training/testing database before entering setup and data to your live database.

OPTION 1

The freelance costs will be reported as Direct Service Costs on the Client P&L report.

Entry

- Enter the freelancer's time to the job through timesheets including a cost rate.
- Post the freelancer's accounts payable invoice to an operating expense account on the non-client tab in accounts payable.

Setup

- Setup the freelancer in the Employee table:
 - Freelance checkbox – On the General Information tab there is a checkbox to identify an employee as a freelancer, this can be used in reporting.
 - Active Freelance check box – On the General Information tab, there is a checkbox to identify the employee as an Active Freelancer. This is available in reporting for filtering to the freelancer's that you are currently working with.
 - Hourly Cost Rate – On the H/R Information tab enter the freelancer's hourly cost rate.
 - Enter any other necessary setup information that will apply to how your company will work with the freelancer.
- Setup the freelancer in the Vendor table:
 - Vendor Code – You may consider using the same code as the freelancer's Employee code.
 - Default Expense Account – Set the default to the operating account where freelance invoices will be expensed.
 - 1099 Info – Set the vendor as a 1099 vendor. This enables the system to automatically include paid accounts payable invoices for the freelancer in your 1099 reports and forms.

OPTION 2

The freelance costs will be reported as Direct Expenses on the Client P&L report.

Entry

- Enter the freelancer's time to the job through timesheets with NO cost rate.
- Post the freelancer's accounts payable invoice to a non-billable function for each job on the production tab. When posting to a non-billable function you will be required to enter a "write off" account (operating expense).

Setup

- Setup the freelancer in the Employee table:
 - Freelance checkbox – On the General Information tab there is a checkbox to identify an employee as a freelancer, this can be used in custom reporting.
 - Active Freelance checkbox – On the General Information tab, there is a checkbox to identify the employee as an Active Freelancer. This is available in reporting for filtering to the freelancer's that you are currently working with.
 - Hourly Cost Rate – On the H/R Information tab enter a **zero** for the freelancer's hourly cost rate.
 - Enter any other necessary setup information that will apply to how your company will work with the freelancer.
- Setup a Vendor Function in the Function table:
 - Non-Billable Client Account – Set the default to the operating account where freelance invoices will be expensed.
- Enter the Function to the Rate/Flag Entry table and set as non-billable.
- Setup the freelancer in the Vendor table:
 - Vendor Code – You may consider using the same code as the freelancer's Employee code.
 - 1099 Info – Set the vendor as a 1099 vendor. This enables the system to automatically include paid accounts payable invoices for the freelancer in your 1099 reports and forms.

OPTION 3

The freelance costs will be reported as a Cost of Sale on the Client P&L report.

Entry

- Post the freelancer's accounts payable invoice to a billable function for each job on the production tab with a markup, if applicable.

Setup

- Setup a Vendor Function in the Function table:
 - If charges for this function should appear on client invoices or estimates under a different function you can use the Line Consolidation option to accomplish this.
- Enter the Function to the Rate/Flag Entry table to establish how the rate and markup is calculated based on your company and client requirements.
 - Markup up the function to match hourly bill amount (no time entry required).
 - Markdown the function 100% to bill actual time (time entry required).
 - Markup not needed on the function to bill straight pass-through of costs (no time entry required).
- Setup the freelancer in the Vendor table:
 - Vendor Code – You may consider using the same code as the freelancer's Employee code.
 - 1099 Info – Set the vendor as a 1099 vendor. This enables the system to automatically include paid accounts payable invoices for the freelancer in your 1099 reports and forms.

OPTION 4

The freelance costs will be reported as a Cost of Sale on the Client P&L and Agency P&L reports.

Entry

- Enter the freelancer's time to the job through timesheets with NO cost rate.
- Post the freelancer's accounts payable invoice to a billable function with a markdown of 100% (negative 100% markup) for each job on the production tab.

Setup

- Setup the freelancer in the Employee table:
 - Freelance checkbox – On the General Information tab there is a checkbox to identify an employee as a freelancer, this can be used in custom reporting.
 - Active Freelance checkbox – On the General Information tab, there is a checkbox to identify the employee as an Active Freelancer. This is available in reporting for filtering to the freelancer's that you are currently working with. Applies to: blue, Sapphire Updated: 05.08.2015
 - Hourly Cost Rate – On the H/R Information tab enter a zero for the freelancer's hourly cost rate.
 - Enter any other necessary setup information that will apply to how your company will work with the freelancer.
- Setup a Vendor Function in the Function table:
 - Enter the Function to the Rate/Flag Entry table and set as billable with a markup percent of -100.00.
- Setup the freelancer in the Vendor table:
 - Vendor Code – You may consider using the same code as the freelancer's Employee code.
 - 1099 Info – Set the vendor as a 1099 vendor. This enables the system to automatically include paid accounts payable invoices for the freelancer in your 1099 reports and forms.