ARE OVER/UNDER BILLING REPORTS CREATING WORK OVERLOAD?

Construction job cost accounting software can ease the billing reporting process

BY CHAD ODE
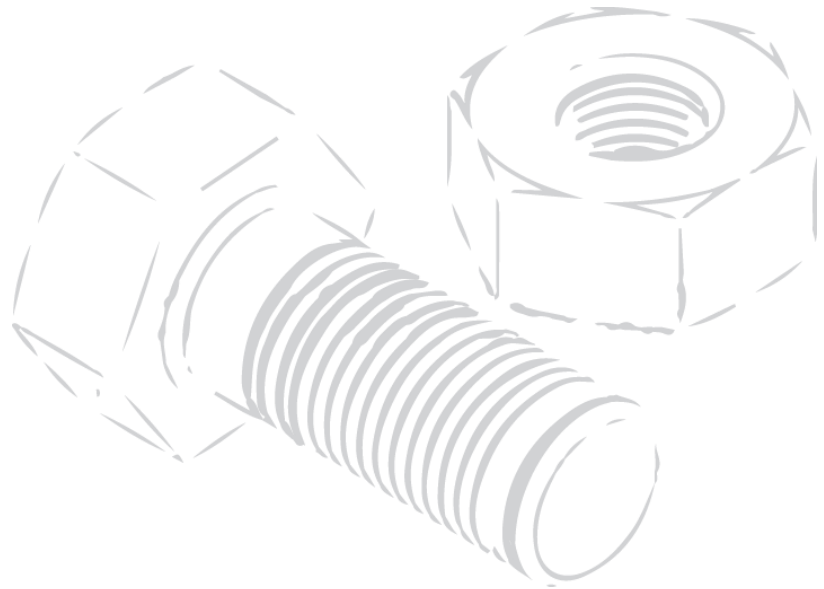
FOUNDATION software

ARE OVER/UNDER BILLING REPORTS CREATING WORK OVERLOAD?

Construction job cost accounting software can ease the billing reporting process

Construction accounting processes and procedures can vary greatly from one contractor to the next. But one common frustration shared by many construction businesses is the tedious work of manually preparing over/under billing reports, also known as work in progress and percent complete. For companies using generic and small-business accounting software, the over/under billing report is often the least favorite of all accounting tasks.

What is it about this particular report that has bookkeepers scrambling for their headache-relief medicine? For one, many companies prepare this data just once a year—during the busy year-end reporting season. In addition, as the company grows and takes on more jobs, over/under billing reports become exponentially more difficult to prepare, and at the same time become more important for securing bonding and loans.

Without the ability to automate over/under billing reports, contractors must go through a laborious practice that involves gathering many separate reports and manually calculating the results. Generally speaking, the process is as follows:

FOUNDATION software

1. Contractors gather various reports, including:

   a. Estimate and change-order reports
   b. Accounts-payable reports, which are sometimes broken out by overhead, materials and equipment.
   c. Reports showing labor costs and billing reports for the period

2. Next, contractors create spreadsheets and manually break the information down by job.

3. Once the information is broken down, the contractor must go through the information, job by job, and perform calculations to find the percent complete and the over/under billed amount.

It might sound simple, but imagine doing this for 20 jobs, or even 200 jobs. It is a large assignment that makes contractors and bookkeepers cringe. It can take hours, or possibly weeks, to gather the information needed to calculate this report.

RELIEF THROUGH CONSTRUCTION ACCOUNTING SOFTWARE

The good news is it doesn't have to be this way. Using a construction job cost accounting software, contractors can eliminate 99 percent of the work. Having already entered timesheet data and all invoices in accounts receivables and payables, this report can be produced automatically. With the information needed for the over/under billing report already in the system, it's just a mouse click away.

Best of all, when using a date-sensitive software that integrates job costing with all other accounting modules, contractors can create the over/under billing report throughout the year for more efficient business management. At a glance, owners can identify jobs that are under billed, which could lead to cash flow problems, as well as jobs that are overbilled, which could make profits look unrealistically rosy. Most importantly, this report—when reviewed regularly—helps owners identify problem jobs in time to make adjustments.

Given these facts, why would a contractor continue to create over/under billing reports manually? With the help of good construction software for accounting, over/under billing reports happen automatically. Not only can contractors instantly prepare this financial report for outside agencies, but they also have access to essential job status information when they need it. The only thing lost is a lot of extra work.

FOUNDATION software

CHAD ODE

Southeast Regional Sales Manager

Foundation Software, Inc., of Strongsville, Ohio

Chad Ode is the southeast regional sales manager for Foundation Software, developer of FOUNDATION for Windows construction-accounting, project-management and scheduling software. For more information, call 800.246.0800, e-mail code@foundationsoft.com, or visit www.foundationsoft.com.

Published in Modern Contractor Solutions