

Job Costing Checklist

For contractors using QuickBooks Online

By



Job costing is not just a report. It is a system for tracking income, labor, materials, subcontractors, equipment, overhead, and billing by project so you can see whether each job is actually profitable. QuickBooks Online can support this, but the setup matters. For most contractors, QuickBooks Online Plus is the practical minimum because it includes Projects and project profitability reporting. Intuit currently lists QBO Plus at \$115/month before discounts, but Kugler Services may be able to leverage its wholesale discount to save 30%.

1. Projects are set up correctly in QBO

Goal: Each job has a clean home in QuickBooks.

In QBO, jobs should be tracked as Projects, not merely as sub-customers. Projects unlock QBO's project-specific reporting, including project profitability, income, expenses, time, and labor cost visibility.

Checklist:

- Each active job is set up as a Project in QBO.
- Each Project belongs to the correct customer.
- Projects follow a consistent naming convention, such as 123 Main - Roof.

2. Each job has an estimate or budget baseline

Goal: Actual results can be compared against original estimates.



Each job should have both an internal cost estimate and a customer-facing price. The internal estimate shows what you expect the job to cost. The customer-facing price shows what you quoted or contracted with the customer. These can be prepared in QBO, Buildertrend, Excel, Google Sheets, or another system. They do not need to be shared in the same format, and your internal cost estimate does not need to be shown to the customer. What matters is that both are saved clearly enough to compare estimated cost, quoted price, actual cost, and final profit after the job is underway or complete.

Checklist:

- Each Estimate includes an estimate of internal costs and a quoted price to the customer.
- The estimate separates major cost groups (labor, materials, subcontractors, equipment, etc.)
- The current estimate version is clearly identified.
- Approved change orders are added to the budget or tracked separately.

3. Project documents are kept organized

Goal: The accountant can retrieve relevant documents from a centralized location.

Job costing depends on more than transaction coding. The accountant also needs access to the documents that explain the financial structure of the job: the original contract, estimate, scope of work, allowances, approved change orders, draw schedules, and billing terms. When these documents are scattered across email, text messages, Buildertrend, Google Drive, desktops, and paper folders, job reporting becomes harder to trust. A centralized document process helps ensure that revenue, costs, change orders, and billing are reviewed against the actual agreement.

Checklist:

- Contracts, estimates, scopes, and change orders are stored in a centralized location.
- This location is accessible to the accountant.

4. Project costs are captured at the source

Goal: Every project-related costs are identified at time of purchase.

A good job costing process does not wait until month-end to guess where costs belong. Whenever possible, project information should be captured at the time of purchase. Many supplier invoices and receipts can include the job name or project address, which makes it much easier to assign costs correctly in QBO.

Suppliers such as Home Depot, Lowe's, Menards, ABC Supply, Sutherlands, Westlake Ace Hardware, Beacon Building Products, etc. often provide online account tools or invoice history. In many cases, even in-store purchases can be connected to the customer's online account through the card, phone number, or account number used at checkout. This makes receipt retrieval and project identification much easier, especially when multiple jobs are active at the



same time. For all other cases, simply snapping a photo of the receipt and emailing or texting it from your phone to your accountant (typing the project name in the body of the message) works just as well.

Checklist:

- Make use of vendor online portals whenever possible.
- Diligently identify the project (by name or by address) if the vendor provides the option.
- Establish an email for submitting receipts to your accountant.
- If your accountant doesn't have direct access to the receipt via an online portal, be sure to send it over from your phone with the project identified as soon as possible.

5. Labor is tracked by Project and type of work

Goal: Use a Timeclock and track Project and Work.

Labor is often one of the most important job costs, but it is also one of the easiest to distort. It is not enough to know how many hours an employee worked. We should also know which job they were working. Ideally, we should also know what type of work was performed (drywalling, carpentry, painting, etc. - we are following the breakdown according to NCCI cost codes). That matters for job costing, but it can also matter for workers' compensation. If all labor is treated the same, the company will likely be charged by the insurance carrier at the highest cost rate.

Checklist:

- A timekeeping system is used to track employee hours by Project.
- Time entries also identify the type of work performed.
- Labor burden is considered when building estimates, not just gross wages.
- Payroll costs are recorded back to QBO Projects.

6. Revenue, billing, and change orders tie back to the Project

Goal: Job costs and job revenue should meet in the same place.

A job cost report is not useful if costs are assigned to the Project but revenue is recorded somewhere else. Deposits, progress billings, draws, final invoices, and change order billings need to be tied back to the correct QBO Project.

Checklist:

- Customer invoices are assigned to the correct QBO Project.
- Deposits, draws, progress billings, and final invoices are connected to the job.
- Open invoices are reviewed Project by Project.
- Job reports compare billed revenue, earned revenue, and costs to date.

7. Accrual accounting and WIP are part of the monthly process



Goal: Job profitability should not be distorted by timing differences.

Cash-basis reporting can be misleading for contractors. A large deposit may make one month look profitable even if the work has not been performed yet. A large material purchase may make another month look terrible even if the related billing will happen later.

That is why contractors, especially those working with lenders or bonding companies, often need accrual-based reporting and WIP, or Work in Progress, schedules.

Brief explanation of WIP

A WIP schedule helps estimate the financial position of open jobs at the end of an accounting period. It compares the contract amount, estimated total cost, cost incurred to date, billings to date, and percent complete.

Under the Percentage of Completion Method, revenue is recognized based on how much of the job has been completed, usually using cost incurred to date compared with estimated total cost.

Example:

If a job is expected to cost \$100,000, and the company has incurred \$40,000 of cost so far, the job may be treated as 40% complete, for accounting purposes. If the contract amount is \$150,000, then approximately \$60,000 of revenue (40% of the \$150k) may be recognized, even if the customer has been billed more or less than that amount.

This gives both management as well as relevant 3rd parties such as lenders or bonders a more accurate view of the financial position of jobs that are still in progress.

Checklist:

- Open jobs calculate revenue using the Percentage of Completion Method.
- Estimated total cost is updated when the expected cost changes.
- Billings to date are compared against earned revenue.
- WIP schedules are prepared in a manner suitable for external parties.

8. Reports are reconciled before they are used

Goal: Job reports should agree with the accounting records.

A job profitability report is only as reliable as the books behind it. If bank accounts are not reconciled, credit card feeds are incomplete, payroll is not posted, or transactions are missing Project assignments, then the job report may be misleading.

Checklist:

- Bank and credit card accounts are reconciled monthly.
- Payroll, loans, vendor balances, and major liabilities are reviewed on a schedule.



- Transactions missing Project assignments are corrected.
- QBO Project reports are sanity checked against the estimates.

9. Completed jobs are reviewed before the next bid

Goal: Use job cost history to identify cost overruns, margin loss, and estimating misses before the next bid.

Ultimately, the process of job costing should not merely tell whether or not the job was profitable. It's equally important that we learn what to do differently next time.

Checklist:

- Completed jobs are reviewed against the original estimate.
- Labor, materials, subs, equipment, and overhead variances are identified.
- Estimate misses are documented for future bids.
- The owner can identify which job types are most profitable.
- The company uses job history to make better pricing, staffing, and bidding decisions.

Need help making QBO show true job profitability?

Kugler Services helps construction and real estate operators structure QuickBooks Online for job-level reporting, monthly close, WIP review, and better owner decisions.