

WIP Review Checklist

12 items Brian reviews every month before a banking or bonding review

How to use this checklist: Run through these 12 items at the end of each month before sending your WIP schedule to your banker or surety. Each item represents a real problem Brian has found in contractor books — some costing tens of thousands of dollars that nobody caught until it was too late. Check the box only when you can confirm the item with actual numbers, not assumptions.

SECTION A — WIP ACCURACY (Items 1–6)

JOB COST & PERCENTAGE-OF-COMPLETION

01 ■ Every job has an updated % complete from the field.

Stale % complete figures are the #1 source of WIP errors. If your PM hasn't updated costs since last month, your earned revenue calculation is wrong — and your banker will find it before you do.

02 ■ Costs incurred match your job cost report exactly.

The cost column on your WIP must tie to the job cost ledger dollar-for-dollar. Any difference means costs are sitting in the wrong place — either in G&A; instead of the job, or posted to the wrong project.

03 ■ Earned revenue is calculated using percentage-of-completion — not cash received.

Revenue on a construction job is earned as work is performed, not when you get paid. If your WIP uses billings instead of earned revenue, your schedule is wrong and your surety will flag it immediately.

04 ■ Every job shows either a cost-in-excess or billing-in-excess — never both.

A job can't be over-billed and under-billed at the same time. If you see both on the same job, there's a calculation error. This is a common spreadsheet mistake that surfaces immediately in a bonding review.

05 ■ The total costs-in-excess (under-billed) ties to the balance sheet.

Under-billed amounts are a balance sheet asset (contract asset). If your WIP total doesn't match what's on the balance sheet, your financials are internally inconsistent. Lenders will catch this.

06 ■ The total billings-in-excess (over-billed) ties to the balance sheet.

Over-billed amounts are a liability (deferred revenue). Same rule applies — WIP total must match balance sheet exactly. A mismatch is a red flag in any audit or bonding review.

SECTION B — MARGIN REVIEW (Items 7–10)

JOB PROFITABILITY & MARGIN HEALTH

07 ■ No job has a margin below your minimum threshold without a documented reason.
Set a floor — say 8% gross margin. Any job tracking below that needs a written explanation: scope creep, change order pending, unusual labor cost. "We're looking into it" is not an explanation. Your surety will ask.

08 ■ Every job with margin compression since last month is flagged.
Margin fade is the silent killer. If a job was at 14% last month and is at 10% this month, that's a 4-point fade that needs to be explained and addressed — not just noted. The trend matters as much as the current number.

09 ■ Any job projecting a loss has a recovery plan documented.
A losing job on your WIP without a plan is the fastest way to lose bonding capacity. You need to show your surety not just that a job is in trouble, but what you're doing about it. Labor reduction, change order, scope adjustment — something.

10 ■ Change orders are captured in the contract value — not left as pending.
Approved change orders that aren't reflected in your contract value understate your revenue and overstate your cost-to-go. This artificially depresses margin. If the CO is approved, it belongs in the contract. If it's pending, note it.

SECTION C — BILLING & PRESENTATION (Items 11–12)

BILLING POSITION & DOCUMENT READINESS

11 ■ Under-billed jobs have billing scheduled within the next 14 days.
Under-billed positions are cash sitting on the table. If a job shows \$80K costs-in-excess and there's no draw scheduled in the next two weeks, you have a cash gap building. Schedule the AIA or draw request before the month closes.

12 ■ The WIP schedule is signed, dated, and ready to submit.
A WIP that's done but undated, unsigned, or formatted wrong won't be accepted. Your banker wants a document that looks like it came from a professional firm — not a spreadsheet someone threw together the night before the deadline.

ITEMS NEEDING ATTENTION THIS MONTH:
