

KEY COMPONENTS OF A WIP REPORT

(A "WORK-IN-PROGRESS SCHEDULE")



WIP stands for "work in progress". It includes any ongoing or incomplete project, like buildings being constructed.

Using WIP helps construction companies track project costs and expected revenue. By monitoring expenses and revenues, construction companies can manage budgets effectively.

#1 WHAT IS A WIP REPORT?

A WIP report is also called a "work-in-progress schedule." It shows whether ongoing jobs are being overbilled or underbilled based on their level of completion.

- When **billings are higher than actual progress**, this is called **overbilling**. And when **costs are higher than billings**, this is called **underbilling**.
- **The goal** is to get project funds from the client by overbilling. Underbilling can mean you're paying for the projects, making them hard to finish and hurting the final profit.



Good WIP reports can help project managers finish their jobs on time, on budget, and as scheduled.

#2 WHAT IS THE WIP TELLING US?

The WIP report helps construction business owners manage their financials and plan for the future by providing critical insights into:

- ✓ Calculate over/underbilling
- ✓ Project short-term and long-term financial needs
- ✓ Reconcile job costs and general ledger
- ✓ Plan for cash flow
- ✓ Identify tax planning opportunities



#3 BENEFITS OF A WIP REPORT

A good WIP report can be a valuable tool for project managers in the construction industry. It can help them track the progress of their projects and identify potential issues or delays that need to be addressed. Here are some specific benefits:

MONITORING PROJECT PROGRESS	→	Adjusting budget and resources as needed to save money and increase profits.
IDENTIFYING POTENTIAL PROBLEMS	→	Identifying areas where work is behind schedule to avoid unexpected costs.
STAYING WITHIN BUDGET	→	Keeping track of actual incurred costs to avoid cost overruns and stay profitable.
REVENUE RECOGNITION EXPERTISE	→	Ensure consistent and accurate acknowledgment of all revenue sources.

#4 KEY COMPONENTS OF A WIP REPORT

CONTACT INFO	<ul style="list-style-type: none"> • Job Name and/or Job Number • Total Contract Value, including Change Orders • Total Estimated Costs to Complete Contract, including Change Orders • Estimated Gross Profit for Contract
ACTUAL JOB TOTALS	<ul style="list-style-type: none"> • Completion Percentage <small>(Current period and project to date for all of the following)</small> • Actual Costs • Recognized Revenues • Gross Profit • Actual Billings • Under/Over Billed Amount <small>(The difference between recognized revenues and actual billings)</small>

NOTES:

• Estimated Cost at Completion (ECAC):
This is the projected total cost of the project when it's completed in the future. It defines the expected scope of the project in terms of the contractor's cost. Changing the ECAC can significantly impact the percent completion of each job and the revenue recognized in each period.

• Actual Costs
This is the actual cost incurred to date on the project. Accurately tracking the cost incurred is crucial for determining progress and earnings. Incorrect allocation of job costs can result in inaccurate earnings.

[Sample WIP Schedule Report Supported By CFMA](#)

With our sample report, which is backed by CFMA, you can see how powerful a well-organized WIP report can be. This comprehensive report provides a clear overview of project progress and financials, helping you keep your construction projects on track and within budget.



Don't overlook the power of WIP analysis in maximizing profits and building a successful future.

[Contact us](#) today to learn more about our WIP Analysis Services and how we can help you maximize your construction business's potential.