

Why Monthly Reconciliation Matters in Accounting for a Commercial Roofing Company

For a commercial roofing company, monthly reconciliation of job costs, payments, and vendor statements is essential to maintaining accurate financial records, protecting job profitability, and managing cash flow. It ensures that the company knows what has been spent, what has been paid, what is still owed, and what each project is expected to cost to complete.

Strong accounting practices also provide the financial visibility needed to manage projects successfully, helping identify issues early and giving both us, as the roofing company, and our customers greater confidence throughout the project.

Protecting Job Profitability

Roofing projects can involve substantial costs for materials, subcontractors, labor, equipment, and unexpected work. If an invoice is missing, recorded late, or assigned to the wrong job, the project may appear more profitable than it is. Monthly reconciliation identifies these issues early, giving management time to correct them before they affect the bottom line.

Maintaining Accurate Job Costs

Every invoice and payment should be assigned to the correct job and cost category. Comparing actual costs to the project budget helps identify overruns and determine why they occurred. Accurate job costing also provides a reliable basis for evaluating change orders and forecasting the remaining cost of a project.

For customers, this level of accuracy supports better communication and transparency throughout the project. When a contractor has a clear understanding of what has been spent and what remains, project teams are better

positioned to communicate changes and address potential issues proactively.



Verifying Vendor Balances

Vendor statement reconciliation helps identify missing invoices, duplicate charges, unapplied credits, disputed amounts, and invoices that have already been paid. This reduces the risk of overpayment and ensures that all legitimate job expenses are recorded accurately.

Managing Cash Flow

Knowing exactly what is owed to vendors allows the company to plan payments and anticipate cash requirements. This is especially important in commercial roofing, where large material and subcontractor costs may occur before customer payments are received.

Improving Project Forecasting

Reconciled costs give project managers and owners a clearer picture of a job's financial performance. If costs are running higher than expected, management can investigate the cause, adjust the cost-to-complete forecast, address change-order opportunities, or take corrective action before the project is finished.

The earlier a potential issue is identified, the more opportunity there is to address it. Accurate accounting therefore becomes an important part of proactive project management, rather than simply a record of what has already happened.

Accounting as a Tool for Project Success

Ultimately, monthly reconciliation is more than an accounting exercise; it is a management tool. It answers four critical questions for every project:

What did we budget? What have we spent? What do we owe? What will it cost to finish?

When these numbers are accurate and reviewed every month, a commercial roofing company can identify problems sooner, protect its margins, improve cash flow, and make better decisions. Timely, accurate accounting gives management the visibility needed to keep projects, and the company, profitable while supporting a more predictable, well-managed experience for customers.

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Diane Hack is the Controller at Highland Roofing Company, overseeing accounting practices and financial operations across all of Highland's office locations. With more than 40 years of accounting experience, including seven years with Highland, she brings extensive financial expertise to the commercial roofing industry. Diane's leadership has been recognized in the Wilmington business community, including her feature in Wilmington Biz Magazine's Fall 2024 Women Who Mean Business issue.