

WIP / Over-Under Billings in Plain English

A simple internal guide for PMs, accounting, and leadership

What it is	Why it matters	Core idea
A comparison between revenue recognized and billings to date on a job.	It helps explain whether billing is keeping pace with production and whether cash pressure or execution risk may be building.	The number itself is not the point. The driver behind the number is the point.

What over/under billings mean

Underbillings generally mean revenue recognized exceeds billings to date.

Overbillings generally mean billings to date exceed revenue recognized.

That is the accounting definition. In a Monthly Job Review, the more important question is: Why is this job in that position?

What underbillings may be telling you

- Billing is behind production
- Change orders are unresolved or not yet billable
- Disputes are holding up the application
- The schedule of values does not match actual production
- The forecast may be too aggressive

What overbillings may be telling you

- Cash timing is favorable
- Billing may be front-loaded relative to production
- Future execution risk still exists even though cash came in early
- Cost exposure may not yet be reflected in the forecast

Three questions every review should answer

1. Is the job overbilled or underbilled?
2. Why is it in that position?
3. What action does that require this month?

Common actions

- Get the pay application out faster
- Resolve a billing blocker or dispute
- Price and submit change work
- Revisit forecast assumptions
- Review schedule-of-values alignment
- Escalate a slow-pay issue

Red flags

- Underbillings grow month over month with no billing plan.
- Overbillings shrink quickly while execution risk remains.
- Billing position changes and no one can explain why.
- Change work is driving the position but is not tracked cleanly.

Bottom line and best practice

Bottom line: Over/under billings are not just accounting lines. They are signals that help leadership connect job performance, billing discipline, and cash flow.

Best practice: Review the billing position alongside EAC, the change order log, and AR/retainage detail. A good job review does not read the number in isolation — it explains the driver and assigns the next action.