

# Project Accounting Guide for Professional Services

Let's begin by stating the obvious. Project accounting is complicated. Project-based businesses need to satisfy a slew of accounting requirements while also meeting the needs of project managers and their customers.

Companies need tools that offer a high level of control from an accounting perspective plus the flexibility required to manage projects of all kinds while delivering critical insights to those who need them in real-time.

The right business management solution must, therefore, create a bridge for users across the following differences:



## **TIMING**

Project accounting is tied to the start and end dates of the project, which may cross fiscal years. Financial accounting is based on the company's annual reporting periods.



## **REPORTING**

Project reporting focuses on schedule, costs, and resources. In financial reporting, the focus is on the three bottom lines – net income, operating cash flow, and net assets return.



## **RULES**

Project billing can be calculated in various ways (at the discretion of the project manager) using rules applied at the task level. The resulting bills are then fed back to the accounts receivable module for posting to the general ledger, which follows strict accounting rules.



## **BASIS OF COMPARISON**

While individual projects can vary greatly, financial statements are designed for comparability across organizations based on a standard set of rules and financial measures. Individual projects may each have their own set of metrics, which makes meaningful comparisons harder to obtain.



## **STAKEHOLDER NEEDS**

Project managers are focused on managing project budgets and timelines while accountants are tasked with ensuring the business's overall success in meeting their financial goals. Accountants must manage these goals while staying in compliance with various external regulatory and reporting requirements.

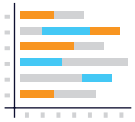
Clearly, it is a daunting task to select a Project Accounting solution that meets the needs of both accountants and project managers while also serving the business' current and evolving needs.

We've provided a feature guide below to help you decide if your current Project Accounting solution fits the bill.



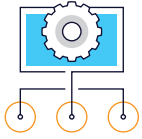
## Create and Manage

FEATURE	BENEFIT
<b>Templates for Projects and Tasks</b>	Quickly create new projects from master templates. Specify standard components, including people, equipment, budgets, and project billing.
<b>Multi-project Management</b>	Manage different types of projects with a complete view that includes costs of materials, labor, services, and inventory items.
<b>Automatic Job Creation</b>	Easily create projects and activities using functions from other areas of the application – whether you are working in financial management or sales.



## Budgets

FEATURE	BENEFIT
<b>Estimate Labor and Revenue</b>	Create project budget forecasts and compare these with the actual project costs and revenues.
<b>Track Budget</b>	Include inventory items, nonstock items, labor, services, and more in project budgets.
<b>Budget and Actuals</b>	Compare actual project costs with original and revised budgets and forecasts by period in real-time.



## Workflow

### FEATURE

### BENEFIT

<b>Task Management</b>	Define tasks globally or for individual projects. Assign billing rates by project, job role, and individual to generate expected revenues in project budgets.
<b>Manage Resources</b>	Assign project managers, employees, machines, and other resources to individual projects and tasks while also capturing non-financial, statistical data relevant to individual projects.
<b>Automated Workflows for Change Requests</b>	Define workflows and approval processes for the client and internal change requests and release change orders with full business intelligence visibility and audit trail control.
<b>Automated Approvals</b>	Associate time with a project task and create workflows to coordinate the approval process from release to billing. Approved activities can be posted to specific customers, cases, contracts, or projects and used to generate customer invoices.



## Accounting

### FEATURE

### BENEFIT

<b>Multi-currency Project Accounting</b>	Enter project transactions in different currencies and maintain projects in both the base currency and the project currency. Review actual revenues, actual costs, and committed costs in the project currency, while creating customer bills in their native currency.
<b>Company-specific Financial Periods</b>	Companies with subsidiaries and different fiscal year-end dates can share vendors, stock items, and employees across projects.
<b>Flexible Billing</b>	Vary billing rates by type of work, employee/customer, or specific project. Manage various billing scenarios: cost plus, fixed price, time and materials, milestone billing, and contract-specific pricing.
<b>WIP Support</b>	Keep better track of costs by correctly accounting for work in progress and avoid impacting COGS prematurely.



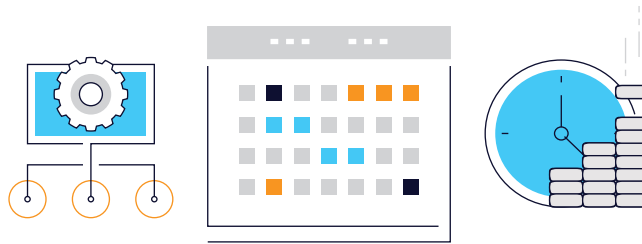
## Accounting (continued)

FEATURE	BENEFIT
<b>Expense Allocation</b>	Allocate overhead and shared expenses to individual projects, including billable or nonbillable items.
<b>Revenue Recognition</b>	Define billing rules to recognize revenue using the percentage of completion or the completed tasks method. All recognition rules are automatically reflected in the GL journal entries.
<b>Flexible Labor and Expense Allocation</b>	Apply project allocation and billing rules to implement a cost-driven pricing model.
<b>Integrated Payroll</b>	Automatically process project labor costs with certified payroll, including government contractors and unionized workers.
<b>Track Time</b>	Link timesheets to specific projects and budgets.
<b>Remote Time and Expense Entry</b>	Employees and contractors can enter timesheets, work orders, and expenses remotely using laptops or smart devices. Use the camera on smart devices to photograph receipts and attach them to the expense claim.



## Quotes and Change Orders

FEATURE	BENEFIT
<b>Track Change Orders and Commitments</b>	Create a change order with all required documentation, including impact on the project scope, asset and resource commitments, and budgets.
<b>Integrated CRM</b>	Create quotes from opportunities, update them, and manage different versions. Once approved, quotes can be easily converted into projects with full billing details and any attachments carried forward.



While Acumatica Project Accounting is designed to meet the needs of many different project-based businesses, including those in manufacturing, construction, and field service, it is ideal for professional service organizations such as engineering and design firms, marketing companies, consultants, and law firms.

For project-centric businesses of all kinds, Acumatica Cloud ERP streamlines the flow of information from an opportunity in CRM to a quote to a sales order and on to a customer invoice; from a purchase order to an accounts payable bill, resulting in expenses and inventory transactions that culminate in entries in the general ledger and project modules. The result, for decision makers throughout the organization, is timely, accurate insights at their fingertips.

Project Accounting. Simplified.



Acumatica Cloud ERP is a comprehensive business management solution that was born in the cloud and built for more connected, collaborative ways of working.

Designed explicitly to enable small and mid-market companies to thrive in today's digital economy, Acumatica's flexible solution, customer-friendly business practices, and industry-specific functionality help growing businesses adapt to fast-moving markets and take control of their future.

For more information on Acumatica, visit [www.acumatica.com](http://www.acumatica.com) or follow us on [LinkedIn](#).



The Answer Company helps project-based businesses unlock efficiency and profitability with Acumatica's cloud-based ERP.

With a 30-year track record and recognition as Acumatica's top Canadian partner, we work closely with firms to implement solutions that connect financials, time tracking, and resource planning—so your teams can focus on delivering value, not managing spreadsheets. Our expert consultants provide end-to-end support, ensuring your ERP drives both strategic growth and day-to-day success.

To schedule a discovery or personalized demo, visit [www.theanswerco.com](http://www.theanswerco.com)