



Compliance Needs

The construction industry regularly deals with the below areas of regulation and compliance.

ACCOUNTING AND FINANCIAL DOCUMENTATION

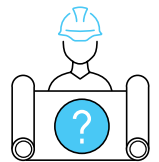


Construction accounting and financial reporting compliance vary by jurisdiction. The American Institute of Architects (AIA) sets standards for the industry; AIA reporting and billing is a set of forms contractors use for a specific style of progress billing, plus the practices around them. Equally important are tax rules and regulations that vary by location and are dependent on the type of contract executed.

Your construction accounting software should natively support AIA reporting and billing standards as well as common construction accounting standards such as GAAP and AFRS.

Acumatica supports AIA billing and reporting. The flexible tax reporting natively allows you to configure value-added taxes (VATs), use taxes, and easily retrieve details for different tax zones. Tax compliance, IFRS, and GAAP accounting standards are also supported by Acumatica and powered by Avalara.

INSURANCE AND BONDING REQUIREMENTS



Contractors and subcontractors are required to carry policies to mitigate specific types of risks. Builder's Risk or Course of Construction (COC) insurance covers the building and related structures during the project. Professional liability insurance protects businesses against claims arising from mistakes during the course of the project. Surety bonds may also be needed to remain compliant on the job site. These bonds need to be issued on time, accessible on demand, and renewed before they expire.

Acumatica stores insurance and bond certificates electronically, so they are accessible from anywhere at any time. Bonding reports give a work-in-progress (WIP) status during the review process. Acumatica status updates can be set up to alert staff when policies and bonds are set to expire.

LIEN AND RETAINAGE PAYMENTS



Mechanical liens and retainage are levers that ensure payment to contractors and subcontractors upon completion of work. A mechanic's lien ensures that labor and material costs related to a construction project are paid if the project or owner becomes insolvent. Retainage is an agreed-upon percentage of a contract that is not billed or paid until the project is completed and deemed satisfactory.

The dashboards, workflows, and business events built into Acumatica help companies manage lien deadlines. Alert staff to any issues, status changes, or expirations with mechanical liens. Acumatica easily manages the initial, agreed-upon retainage and handles changes to streamline invoicing and payments. Retainage is supported for progress billing and also time and material billing. Project cost commitments are calculated with retainage in purchase orders and subcontracts.

**Ready to learn why construction companies
rely on Acumatica for their success?**

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SAFETY AND TRAINING REGULATIONS



The construction industry must follow safety protocols set forth by the Occupational Safety and Health Administration (OSHA). For example, OSHA requires all construction companies to keep careful records of their training practices and certifications for the areas of fall, stairway and ladder, scaffolding, electrical, trench and excavation, and highway work zone safety. Regulations also compel organizations to keep an occurrence log that records all instances of workplace accidents and their outcomes. These are audited by OSHA regularly and can cause job sites, and in some cases, even entire companies, to temporarily shut down if the proper records can't be produced.

Acumatica allows you to easily create forms and documents within the system to record employee training and occurrence logs. Acumatica also integrates with top Human Capital Management applications such as WorkForceGO! to manage employee skills, certifications, and training requirements.

LABOR LAW DOCUMENTATION



The type of construction project determines the type of wage rates and payroll that must be followed. Payroll must provide detailed weekly records that show hours worked, wages paid per employee, and the type of job each person performed. Government-funded projects follow certified payroll laws. This means the contractor or subcontractor pays local prevailing wage rates and provides detailed weekly records for each employee. If a job site has unionized labor, payroll reports for wages, fringes, overtime, and dues must be reported. Regardless of the job type, any inability to pull reports or show compliance can result in heavy fines and a disruption in the project's progress.

Acumatica's Payroll provides easy tracking for compensation, union dues, fringes, and other employee documentation. Certified payroll and reporting are embedded into the platform, allowing for effortless reporting for prevailing wages and additional pertinent information. Easily export labor documents for reporting to government entities, unions, and other necessary parties.

SUBCONTRACTOR AND VENDOR DOCUMENTATION



When construction companies hire subcontractors and vendors, those companies are subject to the same safety and labor regulations as the contractor. If the job is government funded and the contract was given with special considerations such as EEO (equal employment opportunity) or MWOB (minority & women-owned business), then they must supply documentation and comply as well. Another concern for subcontractors and vendors is that they must have a W-9 tax form correctly filled out and on file so that any wages can be reported to the IRS in the form of a 1099 at the end of the year.

With Acumatica, construction firms can collect and electronically store all needed documentation, certifications, and tax information. These necessary compliance documents are easily retrieved at any time from any device.

“With the implementation of Acumatica Construction Edition, and specifically the certificate of insurance, that alone has saved me manually tracking and updating. When we're inputting invoices for subcontractors, it actually notifies us that they're expired.”

– SEAN BARNETT, CFO, SPOHN ASSOCIATES, INC.

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Compliance Software

Few ERP applications support all construction compliance requirements. Modern applications like Acumatica provide an adaptable platform with Open APIs to tailor system workflows, secure data, and connect disparate applications for ever-changing compliance regulations. Below are the key areas of documentation, security, and reporting crucial to smooth, efficient, and accurate construction compliance.

FINANCE AND ACCOUNTING DOCUMENTATION



Many areas of finance and accounting need to be documented for construction compliance. AIA forms G702 and G703 and the ability to report are standard within Acumatica Construction Edition. Certificates of Insurance and license, bid, performance, and payment bonds (as well as any specialized bonds required by a project) should be kept and filed electronically so that they can be accessed at any time from the job site or office. Liens and lien waivers should also be accessible with automatic notifications of changes in their status. Retainage billing should be automatically calculated based on contracted agreements. Tax certifications, W-9s, and 1099 forms should be available to accountants in the office and superintendents on the job site.

With Acumatica, all these things are possible. Manage all financial and accounting documents under one system umbrella. Customize forms and automate reporting.

EMPLOYEE SAFETY DOCUMENTATION



Job site safety incidents and accidents must be recorded in an occurrence log. Acumatica's employee file provides custom attributes to manage employee skills and certifications. Employee activities within the platform create tasks for recertification and required training with the ability to notify supervisors and employees of upcoming deadlines.

Manage job site safety and employee training requirements with integrated Human Capital Management (HCM) applications like Arcoro. Get customized support with Acumatica's embedded CRM and connected marketplace applications.

EMPLOYEE JOBSITE NOTICES AND CERTIFICATIONS



In addition to extensive safety training for employees, there are specific field conditions and jobs that dictate that only employees that have been through an in-depth training course and received a certification in that area are allowed to enter that job site or a specific area of the site. If an OSHA representative is on the job site, it is crucial that contractors can pull up certifications and verify employee eligibility on the spot.

Acumatica gives users access to documentation remotely. Safety notices and bulletins can also be accessed and posted in the field in the same manner. Acumatica also has Daily Field Reports that allow you to track visitors, issues, and other vital job site activities.

“Cloud-based functionality was key, being able to log in from anywhere on any device. We track our time and expense on a project basis, and we wanted to be able to track job costing and revenue.”

– REBECCA OGLE, CFO, SAFETY MANAGEMENT GROUP

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SYSTEM SECURITY AND PERMISSIONS

Multiple levels of security protect the integrity of your data. Avoid cyber-attacks with the super-secure Acumatica platform. Built-in Acumatica role-based security provides the necessary internal controls to limit access to information without restricting employees' ability to get work done on time. Several levels of permissions and security are needed to be fully compliant and send reports reflecting that status regularly.

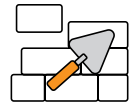
Acumatica arms construction companies with real-time information through role-based dashboards, powerful business intelligence, and flexible reporting and inquiry capabilities with permissions mapped automatically for all functions.



Strategy

THREE STEPS FOR IMPROVED COMPLIANCE

STEP 1: REVIEW CURRENT PRACTICES AND SOFTWARE



Entry-level accounting and legacy applications provide little support for compliance initiatives. Set the right foundation for safety and compliance with a modern ERP software built with open connectivity and native tools for automation and control. Start by reviewing your current practices.

- Where are your compliance documents stored?
- Are they processed manually or electronically?
- Do all relevant parties have access to the compliance information at any time from anywhere?

STEP 2: IDENTIFY COMPLIANCE WANTS AND NEEDS



Research and document different construction safety and compliance technologies to prioritize your wants and needs. Review the detailed readiness assessment section to identify all potential compliance issues.

- What capabilities are available in the market and what are your needs?
- What are your top priorities in a compliance application?
- Do you need mobility and role-based functionality?

STEP 3: DEVELOP A MIGRATION PLAN



Create a list of current compliance issues and rank them based on cost and benefit. Then, develop a plan that defines the end goal with the supporting technologies that fit those needs. Finally, include a timeline and process for the compliance system and implementation from start to finish.

- Goals and outcomes – note which processes will have the most significant impact across the organization.
- Timeline – How long will the transition to a new platform take?
- Workflow – Ensure all current workflows are addressed with the new solution.

Find out why Tester Construction Group invested in a data-driven and cloud-based ERP solution.

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Execution

8 STEPS FOR CONSTRUCTION COMPLIANCE IMPLEMENTATION

When it is time to execute the compliance plan, it is essential to remember the priorities and timeline. Start with the simple requirements and move to the more complex needs as the implementation progresses. Each stage is necessary for the successful roll-out of new construction compliance workflows.

1. PLAN REVIEW

Review the implementation plan with your team and assign realistic dates for completion.



2. TEAM PREPARATION

Notify participants of timelines, roles, and responsibilities. A conference room pilot (CRP) improves success rates.

3. DOCUMENTATION

Assure that wikis, manuals, and sandbox environments are available to users before go-live.



4. TRAINING

Schedule training sessions with all key users, including simulated workflows.

5. COORDINATION

On go-live day, the project lead coordinates the implementation, delegates tasks to the team, and provides feedback.

6. REVIEW

Last-minute changes are bound to happen, but they should be carefully documented to enable a review after you are live.



7. USER FEEDBACK

Talk with users about the new technologies and make note of any issues that are not working as planned.

8. LOOK TO THE FUTURE

Explore new ways to extend your safety and compliance projects by leveraging the application to its fullest extent.



“Before it was harder to find out where we truly stood without a lot of extra effort. Now, you can run a report on pretty much anything and keep track of all of it.”

– CASSANDRA MOORE, DIRECTOR OF FINANCE AND ACCOUNTING
ALPHA INSULATION & WATERPROOFING

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About The Answer Company



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sales@theanswerco.com
1-866-670-6686



Head Office:

502-233 Nelson's Crescent

New Westminister, BC V3L 0E4

Local staff in every major city across Canada

