# Construction-Specific Accounting Automations

## 5 Advanced Automations for Construction Companies

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**Purpose:** Specialized automations beyond general accounting

## Introduction

Beyond the 10 core accounting automations, construction companies benefit from these specialized automations that address construction-specific needs:

* Job cost overrun alerts
* Retention tracking and release
* Insurance certificate tracking
* Lien waiver management
* Change order processing

## AUTOMATION #11: Job Cost Overrun Alerts

**The Problem:**  
In construction, you often don’t realize a project is losing money until it’s too late.

**The Solution:**

Trigger: Project expenses reach 85% of budget  
 (At any point during project)  
  
Action 1: Calculate projected final cost  
 ├─ Current: 72% complete, 85% of budget used  
 └─ Projection: Will be 18% over budget at completion  
  
Action 2: Alert project manager immediately  
 ├─ Email + SMS  
 └─ "URGENT: Johnson project tracking over budget"  
  
Action 3: Generate variance report  
 ├─ Which cost categories are over?  
 ├─ Labor hours vs. estimate  
 └─ Materials costs vs. estimate  
  
Action 4: Create task for project manager  
 └─ "Review Johnson project costs - appears to be over budget"  
  
Action 5: Notify owner if variance over $X  
 └─ Threshold: $5,000 or 10% overrun

**Value:** Catch problems while you can still do something about them

## AUTOMATION #12: Retention Tracking & Release

**The Problem:**  
Tracking retention held for multiple subs across multiple projects is complex. Easy to forget to release retention, damaging relationships.

**The Solution:**

Trigger: Project status changed to "Complete"  
  
Action 1: Calculate all retention held for this project  
 ├─ Electrician: $2,400  
 ├─ Plumber: $1,850  
 ├─ Drywaller: $3,200  
 └─ Total: $7,450  
  
Action 2: Send lien waiver requests  
 └─ Auto-email final lien waiver form to each sub  
  
Action 3: Track lien waiver receipt  
 ├─ Electrician: ✓ Received  
 ├─ Plumber: ⏱ Pending  
 └─ Drywaller: ✓ Received  
  
Action 4: When all waivers received:  
 └─ Auto-generate retention release payment batch  
  
Action 5: Process payments  
 └─ Release all retention automatically  
  
Action 6: Update records  
 ├─ Mark retention as released  
 └─ Update subcontractor payment history  
  
Action 7: Send thank you emails  
 └─ "Final payment sent - thanks for great work on Johnson project"

**Value:** Never forget retention, maintain good sub relationships, reduce legal risk

## AUTOMATION #13: Insurance Certificate Tracking

**The Problem:**  
Subcontractors’ insurance expires. If they work without current insurance, you’re liable.

**The Solution:**

Trigger: Subcontractor insurance expiring in 30 days  
 (Daily automated check)  
  
Action 1: Send reminder email to subcontractor  
 └─ "Your insurance expires November 20 - please provide updated certificate"  
  
Action 2: Set follow-up reminders  
 ├─ 20 days before expiration  
 ├─ 10 days before expiration  
 └─ 5 days before expiration  
  
Action 3: If expires without update:  
 ├─ Flag subcontractor as "Not approved"  
 ├─ Block them from being assigned to new work  
 ├─ Hold any pending payments  
 └─ Alert all project managers  
  
Action 4: When new certificate received:  
 ├─ Verify coverage amounts meet requirements  
 ├─ Update database with new expiration date  
 ├─ Remove "Not approved" flag  
 └─ Release any held payments  
  
Action 5: Maintain historical record  
 └─ Track all certificates for compliance/audit

**Value:** Avoid massive liability, stay compliant, protect business

## AUTOMATION #14: Lien Waiver Management

**The Problem:**  
You must collect lien waivers before/after each payment to protect against mechanic’s liens. Easy to forget, huge legal risk if you don’t.

**The Solution:**

Trigger: Subcontractor payment processed  
  
Action 1: Auto-generate appropriate lien waiver  
 ├─ Conditional waiver (for progress payments)  
 └─ Or unconditional waiver (for final payments)  
  
Action 2: Email to subcontractor for signature  
 ├─ Electronic signature via DocuSign/HelloSign  
 └─ "Please sign waiver for payment of $7,650"  
  
Action 3: Track receipt  
 └─ Status: "Sent, awaiting signature"  
  
Action 4: Send reminders if not returned  
 ├─ After 3 days: Reminder  
 └─ After 7 days: Hold next payment until received  
  
Action 5: When signed waiver received:  
 ├─ Save to "Lien Waivers/Johnson Project/" folder  
 ├─ Link to payment record  
 └─ Mark as received in tracking database  
  
Action 6: At project completion:  
 └─ Verify all lien waivers collected  
 └─ Flag any missing waivers before final closeout  
  
Action 7: Maintain organized archive  
 └─ Critical for legal defense if lien claim filed

**Value:** Protect against liens (could save $50K-500K+ in legal costs)

## AUTOMATION #15: Change Order Processing

**The Problem:**  
Client requests change to project. Change orders affect budget, schedule, billing. Must be tracked accurately.

**The Solution:**

Trigger: Change order form submitted  
 (Project manager creates change order)  
  
Action 1: Calculate impact  
 ├─ Additional cost: $4,200  
 ├─ Additional time: 3 days  
 └─ New contract total: $284,200 (was $280,000)  
  
Action 2: Generate change order document  
 └─ Professional format with all details  
  
Action 3: Send to client for approval  
 ├─ Email with e-signature link  
 └─ "Please approve change order #14-A"  
  
Action 4: When client approves:  
 ├─ Update contract value in all systems  
 ├─ Update project budget  
 ├─ Update project schedule  
 └─ Notify all stakeholders  
  
Action 5: Update billing  
 └─ Next progress billing includes change order amount  
  
Action 6: Update accounting  
 ├─ QuickBooks shows new contract value  
 └─ Project profitability calculations updated  
  
Action 7: Document trail  
 └─ Maintain complete change order history per project

**Value:** Ensure you get paid for extra work, maintain accurate budgets, clear client communication

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