JOB CLOSE GUIDELINES

How timely job close reconciles Work in Process, keeps inventory and cost of sales accurate, and completes the job cycle.

1. WHY JOB CLOSE MATTERS

1 DBA Is a WIP Accounting System

Materials, labor, and subcontract costs accumulate in Work in Process. Job receipts move finished goods into Inventory and credit Work in Process. Receipt cost can be based on Estimated Job Cost or Final Receipt Balancing Cost.

2 Job Close Auto-Reconciles WIP

When a finished job is changed from FINISHED to CLOSED in the Job Control Panel, DBA compares total job input costs with total job receipt output values and posts the difference to WIP Adjustments.

3 Close Jobs in a Timely Manner

Jobs should be closed as close to the Finish Date as possible. Timely close aligns WIP Adjustments more closely with the related inventory and cost of sales activity.

4 All Jobs Must Be Closed

Do not delay closing jobs because of large variance values. The WIP Adjustment posting is the correction required to balance the system and keep overall cost of sales accurate.

2. WHAT JOB CLOSE DOES

1 Completes the Job Cycle

Job Close is the final step in the job processing cycle and is performed in the Job Control Panel.

2 Brings Job WIP to Zero

At close, the job's WIP balance is brought to zero by adjusting Work in Process for the difference between total job input costs and total job receipt output costs.

3 Posts to WIP Adjustments

The offsetting entry goes to WIP Adjustments in Cost of Sales. This keeps Inventory and Work in Process current and in balance.

4 Keeps Total WIP in Balance

The total Work in Process account always reflects the current balance of jobs still in progress. Closing each job removes its remaining WIP balance from the total.

3. SPECIAL WARNING

Actual Hours Can Be Difficult

In many shops, actual hours entries are prone to errors or omissions because finished items are often shipped quickly before all costing detail is fully reported.

Standard Hours Are Recommended

For most companies, Standard Hours routing completions are the safer and more practical method because they support timely closing and more reliable costing.

4. COMMON SITUATIONS

Scenario 1: Item Shipped Immediately

If a job is receipted at an inflated cost and the item is picked and shipped right away, Cost of Goods Sold is overstated. When the job is closed, the WIP Adjustment offsets that overstatement so the overall net effect on Cost of Sales is neutral.

Scenario 2: Inventory Value Corrected

If the inflated inventory value is discovered while quantities are still in stock and corrected through Change Inventory Value, an Inventory Adjustment is created. When the job is closed, the WIP Adjustment offsets that Cost of Sales effect so the overall net effect remains neutral.

5. KEY GUIDELINES

- Always close finished jobs without exception.
- Close jobs as close to the Finish Date as possible.
- Do not avoid closing jobs because of a large WIP Adjustment value.
- Use the brief correction window only when a finished job is very recent, in the same accounting period, and all quantities are still in inventory.
- For most other cases, close the job and let WIP Adjustments offset prior activity.
- Never reopen closed jobs for cost correction.

Limited Correction Window

After final job receipt and FINISHED status, there is only a limited opportunity to reverse job receipts and correct costs: the job must be recent, in the same accounting period, and all quantities must still be in inventory. In most other situations, it is best to close the job and post the WIP Adjustment.

Best practice: Close every finished job promptly so Work in Process stays balanced, inventory remains accurate, and cost of sales is properly reconciled.