



PERSPECTIVES

Five Common Mistakes in T&M Mitigation Invoicing & Strategies to Avoid Them

Our perspectives feature the viewpoints of our subject matter experts on current topics and emerging trends.

INTRODUCTION

In the property restoration industry, time and materials (T&M) mitigation invoicing can be complex and, if not handled carefully, fraught with errors. Claims professionals often find themselves reviewing invoices that are inaccurate, incomplete, or inflated, making it difficult to assess the true cost of the work performed.

As building consultants specializing in this field, we encounter these mistakes daily. In this article, we identify five common invoicing errors and provide actionable solutions to help claims professionals navigate these challenges, whether they are involved early in the process or after the work has been completed.

#1: IMPROPER USE OF UNIT-BASED ESTIMATES VS. TIME AND MATERIALS CHARGES

The Problem

Many restoration contractors generate invoices after the work has been completed using unit-based estimates instead of actual time and materials charges. These estimates are designed to predict the average amount of labor, materials, and equipment needed to complete a job; however, they often fail to reflect the actual costs incurred, leading to significant discrepancies in invoicing. This practice results in overcharging for unused materials or labor that wasn't needed.

The Solution (During the Project)

It is important to encourage a contractor to shift from estimate-based invoicing to T&M reporting as soon as the project begins. Ensure that actual labor and materials are tracked daily and are included in the billing records. Regularly reviewing these logs allows for a real-time audit of costs.

The Solution (Post-Completion)

If the invoice has already been generated, request detailed breakdowns of actual costs incurred, including receipts, material usage logs, and daily labor reports. Use this information to compare the actual usage with the estimate and adjust the invoice as needed.

#2: USING RATE SHEET PRICES FOR SUBCONTRACTED ITEMS

The Problem

Contractors sometimes bill temporary subcontracted labor or rented equipment at their own employee or equipment rates. However, temporary workers and rented equipment do not carry the same overhead as full-time employees or owned equipment. Invoicing at these higher rates results in inflated costs that do not accurately reflect the contractor's expenditures.

The Solution (During the Project)

Request that contractors provide subcontractor invoices and rental receipts as work is being completed. These documents should form the basis of T&M charges, with a reasonable markup applied. Keep a close eye on the use of subcontractors and rented equipment and ensure the rates reflect actual costs.

The Solution (Post-Completion)

After the invoice is submitted, ask for proof of actual expenses from third-party subcontractors and rental companies. Compare these with the contractor's rate sheet to ensure fair pricing and apply appropriate markups.

#3: INVOICING FOR MULTIPLE LAYERS OF MANAGEMENT AND MARKUP

The Problem

A common issue occurs when contractors add multiple layers of management fees and markups to subcontracted work. This often results in “managing the managers” and “markup on markup,” where both the subcontractor and contractor apply their own layers of these elements, leading to excessive and unjustified billing.

The Solution (During the Project)

Establish a clear dialogue with the contractor from the outset regarding how subcontracted services will be billed. Ensure that only one layer of markup is applied — either by the contractor or the subcontractor — and that additional management fees are not duplicated.

The Solution (Post-Completion)

Upon receiving an invoice, check for subcontractor markups. If the subcontractor’s invoice already includes management or markup fees, discuss with the contractor the removal of any additional layers of markup from the final bill.

#4: USING INCOMPLETE OR INADEQUATE MITIGATION DATA TO DRIVE INAPPROPRIATE RESTORATION EQUIPMENT DECISIONS

The Problem

Accurate data collection during mitigation is crucial for determining the appropriate amount of restoration equipment required. If a contractor does not conduct equipment needs calculations before starting the drying process, this often results in the placement of too much or too little equipment, both of which result in extended drying times and inflated costs. Without documentation of proper monitoring readings (such as psychrometric readings, material moisture content readings or moisture maps) taken at the appropriate intervals, they are unable to make timely drying decisions and adjust equipment use efficiently. This can lead to unnecessary equipment charges and extended drying times. Even when these readings are taken properly, they are often not utilized properly to make the appropriate observations and decisions in the drying process, resulting in substantial inefficiencies in drying efforts.

The Solution (During the Project)

Ensure the contractor is following industry standards (like IICRC S500) for equipment placement and monitoring. Require regular reporting of psychrometric data, moisture content readings, and moisture maps, and use these to assess whether the equipment is being deployed efficiently. Set the expectation that the contractor will provide daily logs detailing their interpretations of the data being collected as well as observations and decisions made during the drying process.

The Solution (Post-Completion)

If the invoice is based on equipment charges that seem to be excessive, ask for all relevant data, such as equipment calculations, psychrometric records, daily logs, and moisture maps to confirm whether the equipment was needed for the length of time it was in use. If data is missing or incomplete, negotiate a reduction in the equipment charges.

#5: INCLUDING BULK PERCENTAGE FEES IN LIEU OF ACTUAL COSTS

The Problem

Contractors sometimes add arbitrary percentage-based fees to cover vague or undocumented costs, such as “offsite logistical support” or “catastrophe fees.” These fees are often unnecessary and result in inflated invoices that are not tied to actual costs.

The Solution (During the Project)

From the start, require the contractor to break down all anticipated costs in detail. Ensure that percentage fees are not being applied to cover vague or unsupported expenses and instead ask for invoices or actual receipts for all costs.

The Solution (Post-Completion)

After the work is completed, question any percentage-based fees on the invoice. Ask the contractor to provide documentation for the actual costs incurred for the items these fees are supposed to cover. Negotiate to remove unsupported charges.

CONCLUSION

Consulting experts understand how complex T&M mitigation invoicing can be. The challenges discussed in this paper represent some of the most common issues encountered, and each one has the potential to significantly inflate costs if not managed properly. By addressing these issues early, claims professionals can save time, reduce costs, and ensure that work is completed efficiently.

Whether you are involved from the beginning or are reviewing a completed project, the appropriate experts can help, relying on expertise in reviewing mitigation invoices and advising on cost-effective solutions. If you or your organization need assistance on a challenging project or simply want an expert to audit your next invoice package, don’t hesitate to enlist the help of experts early in the process.

ACKNOWLEDGMENTS

We would like to thank our colleagues Jason Taylor and Meghan Woodard, CR, for providing insights and expertise that greatly assisted this research.

[Jason Taylor](#) is a Director in J.S. Held’s [Building Consulting practice](#). Mr. Taylor has over 16 years of experience in property restoration and environmental services. Prior to joining J.S. Held, Jason managed the daily operations of a multimillion-dollar property restoration franchise, served as an independent indoor air quality consultant, and worked in the Environmental Health Department of a major research university. Jason’s background includes initial investigations, scoping and estimating, moisture mapping, thermal imaging

analysis, equipment monitoring, project management and structural drying strategies, third-party verification, job documentation, invoicing, and reporting. With J.S. Held, Jason performs detailed invoice analysis and project estimating for mitigation, restoration, trauma, and abatement projects.

Jason can be reached at jason.taylor@jsheld.com or +1 586 326 6294.

This publication is for educational and general information purposes only. It may contain errors and is provided as is. It is not intended as specific advice, legal or otherwise. Opinions and views are not necessarily those of J.S. Held or its affiliates and it should not be presumed that J.S. Held subscribes to any particular method, interpretation or analysis merely because it appears in this publication. We disclaim any representation and/or warranty regarding the accuracy, timeliness, quality, or applicability of any of the contents. You should not act, or fail to act, in reliance on this publication and we disclaim all liability in respect to such actions or failure to act. We assume no responsibility for information contained in this publication and disclaim all liability and damages in respect to such information. This publication is not a substitute for competent legal advice. The content herein may be updated or otherwise modified without notice.