
Overview

This unit is about implementing cost systems, collecting information, analysing information and using information to prepare accounts. You will need to implement control systems to monitor performance and collect, use and present information.

You will need to identify and investigate variations and recommend corrective action. You will also need to identify cost savings and make recommendations regarding them. You will need to value work in progress based on contract requirements, value variations and prepare and submit accounts, keeping records of information and calculations.

You will need to obtain, collate and calculate information regarding claims and present them, keeping records of information and calculations. You will also need to analyse opposing grounds.

Performance criteria

Monitor contract quantities and costs

You must be able to:

- P1 implement appropriate contract quantities and cost monitoring systems which are able to provide early warning of problems
- P2 collect quantities and cost data regularly, recording it correctly and present it to decision makers in a format which will help people to make decisions
- P3 calculate the correct work values and quantities and cost data from estimates of work quantity and payment rates
- P4 investigate any variations thoroughly and identify to decision makers appropriate commercial corrective action which could restore costs and expenditure to budget
- P5 costing commercial opportunities for cost savings identified by decision makers
- P6 ensure your records are complete, accurate and available to authorised people only

Prepare interim valuations and final accounts

You must be able to:

- P7 value work in progress, and confirm the calculations with valuers who are acting for the people involved in the contract
- P8 price and reference the quantities used in valuations and accounts so that they meet contract provisions
- P9 value variations and items which do not have an agreed contract rate by identifying and recommend fair rates
- P10 prepare and submit accurate interim valuations and final accounts which contain relevant background information and identify areas of potential disagreement
- P11 record documents, back-up information and calculations accurately, reference them clearly and store them so that they can be easily referred to for audit and reference

Identify and record income and expenditure

- You must be able to:*
- P12 confirm how payments for contracts will be made
 - P13 implement project costing methods and accounts for recording and verifying income and expenditure
 - P14 calculate and record information about income and expenditure due under the contract
 - P15 collate and store records and receipts which support income and expenditure

Prepare information for additional costs for reimbursement for loss and expense

- You must be able to:*
- P16 obtain and collate information relating to identified additional costs involving all contractual parties
 - P17 calculate additional costs accurately from relevant and verified information sources
 - P18 analyse the opposing grounds for the additional costs, structuring them clearly and present them to managers
 - P19 record documents, back-up information and calculations accurately, reference them clearly and store them so that they can be easily referred to for audit and reference

Knowledge and understanding

You need to know and understand:

Monitor contract quantities and costs

- K1 how to implement appropriate contract quantities and cost monitoring systems which are able to provide early warning of problems (application)
- K2 how to collect and record quantities and cost data regularly (application)
- K3 how to present quantities and cost data to decision makers in a format which will help people to make decisions (application)
- K4 how to calculate the correct work values and quantities and cost data from estimates of work quantity and payment rates (application)
- K5 how and why to investigate any variations thoroughly and identify to decision makers appropriate commercial corrective action which could restore costs and expenditure to budget (analysis)
- K6 how and why to cost commercial opportunities for cost savings identified by decision makers (analysis)
- K7 how to ensure your records against budgets are complete, accurate and available to authorised people only (application)

Prepare interim valuations and final accounts

You need to know and understand:

- K8 how and why to value work in progress (analysis)
- K9 how to price reference the quantities used in valuations and accounts so that they meet contract provisions (application)
- K10 how and why to value variations and items which do not have an agreed contract rate by identifying and recommending fair rates (analysis)
- K11 how to prepare and submit interim valuations and final accounts and identify areas of potential disagreement (application)
- K12 how to record, reference and store documents, back-up information and calculations accurately, referencing them clearly and storing them (application)

Identify and record income and expenditure

You need to know and understand:

- K13 how to confirm how payments for contracts will be made on (application)
- K14 how to implement project costing methods and accounts for recording and verifying income and expenditure (application)
- K15 how to calculate information about income and expenditure due under the contract (application)
- K16 how to record information about income and expenditure due under the contract (application)
- K17 how to collate and store records and receipts which support income and expenditure (application)

Prepare information for claims for reimbursement for loss and expense

You need to know and understand:

- K18 how to obtain and collate information relation to identified additional costs involving all contractual parties (application)
- K19 how to calculate additional costs accurately from relevant and verified information sources (application)
- K20 how and why to analyse the opposing grounds for the claims (analysis)
- K21 how to record, reference and store documents, back-up information and calculations accurately, referencing them clearly and store them (application)

Additional Information

Scope/range

Monitor contract quantities and costs

1. Contract quantities and cost monitoring systems:

- 1.1. contractual procedures and meetings
- 1.2. organisational procedures and meetings
- 1.3. open book accounting
- 1.4. electronic recording

2. Quantities and cost data:

- 2.1. Materials
- 2.2. Plant
- 2.3. People
- 2.4. sub-contractors
- 2.5. dayworks
- 2.6. periodic valuations
- 2.7. retention sums
- 2.8. forecasts of expenditure
- 2.9. performance information
- 2.10. contract programme and progress

3. Decision makers:

- 3.1. the client
- 3.2. contractors
- 3.3. consultants
- 3.4. sub-contractors
- 3.5. suppliers
- 3.6. internal management

4. Commercial corrective action:

- 4.1. re-negotiating prices and fees
- 4.2. re-negotiating payment conditions
- 4.3. agreeing additional costs
- 4.4. changing suppliers
- 4.5. carrying out a value engineering exercise
- 4.6. considering off-site construction
- 4.7. considering standardisation
- 4.8. regulating expenditure to conform with budgets
- 4.9. agreeing additional costs
- 4.10. making a contract claim

5. Opportunities for cost saving:

- 5.1. modify project management structure
- 5.2. reduce waste
- 5.3. use new technology
- 5.4. manage energy consumption
- 5.5. use recycled materials
- 5.6. seek permission to use alternative materials and/or source of materials
- 5.7. reduce plant/labour resources
- 5.8. apply lean construction processes

Prepare interim valuations and final accounts

6. Valuing work in progress:

- 6.1. measure quantities
- 6.2. suppliers accounts and valuations
- 6.3. project records
- 6.4. inspection of works
- 6.5. agreed variations
- 6.6. by invoice

7. Contract - type:

- 7.1. main contract
- 7.2. sub-contract
- 7.3. partnering
- 7.4. lump sum
- 7.5. design and construct
- 7.6. schedule based
- 7.7. prime cost based
- 7.8. hybrid
- 7.9. firm price
- 7.10. fluctuating price
- 7.11. labour and materials
- 7.12. labour only
- 7.13. material supply only
- 7.14. service contracts
- 7.15. design warranties

8. Variations:

- 8.1. costs
- 8.2. quantity
- 8.3. quality
- 8.4. progress

Identify and record income and expenditure

9. How payments for contracts will be made with:

- 9.1. clients
- 9.2. within the organisation
- 9.3. external auditing
- 9.4. legal requirements

10. Income:

- 10.1. agreed fees
- 10.2. quantification of work completed
- 10.3. agreed recoverable expenses
- 10.4. VAT

11. Expenditure:

- 11.1. employment costs
- 11.2. capital plant and equipment
- 11.3. materials
- 11.4. liabilities
- 11.5. subcontract costs
- 11.6. consumables

12. Records may be:

- 12.1. documents
- 12.2. electronic

Prepare information for claims for reimbursement for loss and expense

13. Contractual parties:

- 13.1. client
- 13.2. sub contractors
- 13.3. suppliers
- 13.4. statutory authorities and utilities

14. Contract - type:

- 14.1. main contract
- 14.2. sub-contract
- 14.3. partnering
- 14.4. lump sum
- 14.5. design and construct
- 14.6. schedule based
- 14.7. prime cost based
- 14.8. hybrid
- 14.9. firm price
- 14.10. fluctuating price
- 14.11. labour and materials
- 14.12. labour only
- 14.13. material supply only
- 14.14. service contracts
- 14.15. design warranties

15. Additional costs - resulting from:

- 15.1. re-measurement
- 15.2. valuation of variations
- 15.3. loss and expense arising from breaches of contract
- 15.4. agreed extensions of time
- 15.5. damages arising from extra-contractual consideration including legal judgements
- 15.6. additional resources

16. Information sources:

- 16.1. contract documents e.g. specifications, quantities, drawings
- 16.2. revised contract documents
- 16.3. variations issue
- 16.4. site records including photographs
- 16.5. agreed rates of payment
- 16.6. agreed method of calculation
- 16.7. legislation e.g. tax and NI payments, minimum wage
- 16.8. company accounts

17. Analyse:

- 17.1. claimants analysis
- 17.2. respondents analysis

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Prepare and monitor costs and accounts in construction

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