

COSCSMO16 SQA Unit Code H9A0 04

Control budgets and contract entitlement in construction management



Overview

This unit is about identifying responsibilities for the control of budgets and expenditure, and providing the necessary guidance and training in the agreed procedures and format.

A clear line of communication should be organised in order that there is no duplication and/or ambiguity for those with the financial responsibility.

You will need to establish a recording process in order that all relevant parties have access to and are able to interpret the information.

You will need the authority to authorise or amend procedures to overcome unexpected variances or problems. You will need to identify a contingency plan to cover for the unexpected occurrence. You will require the ability to assess and counter unsubstantiated entitlement for reimbursement against your organisation for additional monies. You will also be able to develop and prepare a robust document to support your own claims for additional monies.

You will need to demonstrate that you have negotiated with all parties in a professional manner.

You will need to be able to record and document any decisions taken which will need to stand up to scrutiny by others.

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Performance criteria

You must be able to:

Allocate budgets

- P1 identify responsibilities for budgetary control and allocations under the **budget headings of financial plans**
- P2 identify an appropriate method of maintaining overall control of the budget, produce guidance documents and circulate the information to those responsible
- P3 identify appropriate methods for presenting financial information to responsible personnel
- P4 issue allocations under **budget headings** and **cash flow calculations** and report requirements to those with financial responsibilities
- P5 authorise expenditure and changes to budgets and issue the information to those responsible
- P6 identify and agree appropriate methods and timescales for reporting **contingencies** and **variances**
- P7 resolve queries and discrepancies over allocated budgets

Prepare and agree entitlement for reimbursement for loss and expense

You must be able to:

- P8 assess the basis of **entitlement** and criteria for recovery against the contract and relevant **expert opinion**, and progress and structure valid **entitlement** which can be substantiated
- P9 calculate **entitlement** accurately from relevant and verified **information sources**
- P10 identify the liability for the **cost** and inform the parties involved in the contract
- P11 **analyse** the opposing grounds for the **entitlement**, structure the **entitlement** clearly and present them
- P12 conduct negotiations with the parties involved in the contract in a professional manner
- P13 negotiate, agree and finalise amendments to the **entitlement** with the parties involved in the contract
- P14 record and store documents, back-up information and calculations so that they can be easily accessed for reference and auditing purposes

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Knowledge and understanding

You need to know and understand:

Allocate budgets

- K1 what to identify as responsibilities for budgetary control and allocations under the **budget headings of financial plans** (understanding)
- K2 what to identify as an appropriate method of maintaining overall control of the budget (understanding)
- K3 how to produce guidance documents on the method for maintaining budget control (application)
- K4 how to circulate the information and guidance documents to those responsible for maintaining overall control of the budget (application)
- K5 what to identify as appropriate methods for presenting, financial information to responsible personnel (understanding)
- K6 how to issue allocations under **budget headings** and **cash flow calculations** (application)
- K7 how to report requirements to those with financial responsibilities (application)
- K8 how and why to authorise expenditure and changes to budgets (evaluation)
- K9 how to issue information on changes to budgets to those responsible (application)
- K10 what to identify as appropriate methods and timescales for reporting **contingencies** and **variances** (understanding)
- K11 how and why to agree appropriate methods and timescales for reporting **contingencies** and **variances** (evaluation)
- K12 how and why to resolve queries and discrepancies over allocated budgets (synthesis)

Prepare and agree entitlement for reimbursement for loss and expense

You need to know and understand:

- K13 how and why to assess the basis of **entitlement** and criteria for recovery against the contract and relevant **expert opinion** (analysis)
- K14 how to progress valid **entitlement** which can be substantiated (application)
- K15 how to structure valid **entitlement** which can be substantiated (application)
- K16 how to calculate **entitlement** accurately from relevant and verified **information sources** (application)
- K17 what to identify as the liability for the **cost** (understanding)

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- K18 how to inform the parties involved in the contract about the liability for the **cost** (application)
- K19 how and why to **analyse** the opposing grounds for the **entitlement** (analysis)
- K20 how and why to structure the **entitlement** clearly (synthesis)
- K21 how to present the opposing grounds for the **entitlement** (application)
- K22 how to conduct negotiations with the parties involved in the contract in a professional manner (application)
- K23 how and why to negotiate amendments to the **entitlement** with the parties involved in the contract (synthesis)
- K24 how and why to agree amendments to the **entitlement** with the parties involved in the contract (evaluation)
- K25 how and why to finalise amendments to the **entitlement** with the parties involved in the contract (evaluation)
- K26 how to record documents, back-up information and calculations so that they can be easily accessed for reference and auditing purposes (application)
- K27 how to store documents, back-up information and calculations so that they can be easily accessed for reference and auditing purposes (application)

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Scope/range

Allocate budgets

- 1 Budget headings:
 - 1.1 income
 - 1.2 employment costs
 - 1.3 capital plant and equipment
 - 1.4 materials
 - 1.5 liabilities
 - 1.6 subcontract costs
 - 1.7 consumables
- 2 Financial plans:
 - 2.1 forecasts
 - 2.2 budgets
 - 2.3 cash flow
- 3 Cash flow calculations:
 - 3.1 income receivable
 - 3.2 expenditure
- 4 Contingencies:
 - 4.1 delays in receivables
 - 4.2 project and contract delays
 - 4.3 interruptions
 - 4.4 risk
- 5 Variances:
 - 5.1 overspend
 - 5.2 underspend

Prepare and agree entitlement for reimbursement for loss and expense

- 6 Entitlement - resulting from:
 - 6.1 measurement
 - 6.2 valuation of variations
 - 6.3 liability for costs
 - 6.4 loss and expense arising from breaches of contract

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- 6.5 extensions of time
- 6.6 damages arising from extra-contractual consideration
- 7 Expert opinion:
 - 7.1 legal
 - 7.2 technical
 - 7.3 financial
- 8 Information sources:
 - 8.1 contract provisions
 - 8.2 contract claims for payment
 - 8.3 dimensions and approximations from latest revisions of contract drawings
 - 8.4 records of executed work
 - 8.5 inspections of work in progress
 - 8.6 contract documents
 - 8.7 day work
 - 8.8 agreed contract quantities
 - 8.9 agreed contract rates of payment
 - 8.10 agreed methods of calculation
 - 8.11 variations issued
 - 8.12 contract records
 - 8.13 site records including photographs
 - 8.14 company accounts
- 9 Costs:
 - 9.1 re-work
 - 9.2 additional work
 - 9.3 programme implications
 - 9.4 increased complexity
 - 9.5 logistical implications
- 10 Analyse:
 - 10.1 claimant's analysis
 - 10.2 respondent's analysis

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