

ASTSPM3O14

Manage contract cost control within a surveying environment



Overview

The Standards that are part of this Unit

SPM3/O14.1 Update budget and cash flow against variances and contingencies

SPM3/O14.2 Control contract quantities and costs

SPM3/O14.3 Contribute to preparation and issue of recommendations for interim valuations and final accounts preparation

This unit is about controlling quantities and costs, monitoring of costs against budgets and dealing with interim and final accounts.

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Performance criteria

Update budget and cash flow against variances and contingencies

You must be able to:

- P1 monitoring actual performance against budgets
- P2 monitoring **cash flow** against actual income and expenditure
- P3 preparing periodic re-forecasts based on actual income and expenditure performance against budget
- P4 investigating **variances** and taking action promptly to correct and maintain the budget
- P5 informing interested parties about actions which will require the amending of budgets
- P6 reconciling and reporting actual income and expenditure performance against budget within agreed timescales
- P7 providing all relevant information for **taxation** and audit purposes

Control contract quantities and costs

You must be able to:

- P8 implementing appropriate **contract quantities and cost control systems** which are able to provide early warning of problems
- P9 collecting **quantities and cost data** regularly, recording it correctly and passing it on to the line manager
- P10 calculating the correct work values and **quantities and cost data** from estimates of work quantity and payment rates
- P11 preparing accurate **quantities and cost data** and presenting it in a format which will help line manager to make decisions
- P12 identifying variations and trends in **quantities and cost data** and quantifying and costing them
- P13 investigating any variations thoroughly and recommending appropriate action to the line manager
- P14 identifying opportunities for cost savings and recommending them to the line manager

Contribute to preparation and issue of recommendations for interim valuations and final accounts preparation

You must be able to:

- P15 **valuing work in progress**, and agreeing the calculations with contractors involved in the contract
- P16 pricing and referencing the quantities used in valuations so that they meet contract provisions
- P17 **valuing** both variations and claims from relevant information in accordance with the most appropriate contract provisions
- P18 preparing and submitting accurate valuations, claims and final accounts which contain relevant **background information** and clarifying and justifying areas of potential disagreement

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- P19 recording documents, back-up information and calculations accurately, referencing them clearly and storing them so that they can be easily referred to for audit and reference
- P20 ascertaining the final cost of the works executed under the terms and conditions of the contract

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Knowledge and understanding

You need to know and understand:

Update budget and cash flow against variances and contingencies

- K1 how and why do you monitor actual performance against budgets? (analysis) (a) [all]
- K2 how and why do you monitor **cash flow** against actual income and expenditure? (analysis) (b) [2]
- K3 how do you prepare periodic re-forecasts based on actual income and expenditure performance against budget? (application) (c)[1]
- K4 how do you investigate **variances**? (understanding)(d)[2]
- K5 how do you take action promptly to correct and maintain the budget? (application) (d)[all]
- K6 how do you reconcile and report actual income and expenditure performance against budget within timescales? (application) (f) [all]
- K7 how do you inform interested parties about actions which will require the amendment of budgets? (application) (e) [1,2]
- K8 how do you provide all relevant information for **taxation** and audit purposes? (application) (g) [3]

Control contract quantities and costs

You need to know and understand:

- K9 how do you implement appropriate **contract quantities and cost control systems** which are able to provide early warning of problems? (application)(a)[1]
- K10 what do you identify as variations and trends in **quantities and cost data**? (understanding) (e) [2]
- K11 how do you collect and record **quantities and cost data** and pass it on to the line manager? (application) (b) [2]
- K12 how do you calculate the correct work values and **quantities and cost data** from estimates of work quantity and payment rates? (application) (c) [2]
- K13 how do you prepare and present accurate **quantities and cost data** in a format which will help line manager to make decision? (application) (d) [2]
- K14 how and why do you quantify and cost variations and trends in **quantities and cost data**? (analysis)(e)[2]
- K15 how and why do you investigate any variations? (analysis) (f) [2]
- K16 how and why do you recommend appropriate action to the line manager? (synthesis) (f) [2]
- K17 how and why do you identify and recommend to the line manager opportunities for cost savings? (synthesis)(g)[2]

Contribute to preparation and issue of recommendations for interim valuations and final accounts preparation

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You need to know and understand:

- K18 how and why do you **value work in progress**? (analysis) (a) [1]
- K19 how and why do you agree the calculations with contractors involved in the contract? (evaluation) (a) [1,3]
- K20 how do you reference the quantities used in valuations? (application) (b) [1]
- K21 how do you prepare and submit valuations, claims and final accounts which contain relevant **background information**? (application) (d) [1,4,5]
- K22 how and why do you price the quantities used in valuations? (analysis) (b) [1]
- K23 how and why do you justify areas of potential disagreement? (evaluation) (d) [3,4]
- K24 how and why do you **value variations** and claims from relevant information? (analysis) (c) [1,3,4]
- K25 how do you record, reference and store documents, back-up information and calculations accurately? (application) (e) [all]
- K26 how do you ascertain the final cost of the works executed under the terms and conditions of the contract? (application) (f) [all]

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Additional Information

Scope/range related to performance criteria

Update budget and cash flow against variances and contingencies

- 1 **Cash flow:**
 - 1.1 income
 - 1.2 expenditure
- 2 **Variances:**
 - 2.1 overspend
 - 2.2 underspend
- 3 **Taxation:**
 - 3.1 VAT
 - 3.2 income tax

Control contract quantities and costs

- 4 **Contract quantities and cost control systems:**
 - 4.1 contractual procedures
 - 4.2 operational procedures
 - 4.3 electronic recording
- 5 **Quantities and cost data:**
 - 5.1 materials
 - 5.2 plant
 - 5.3 sub-contractors
 - 5.4 dayworks
 - 5.5 periodic valuations
 - 5.6 retention sums
 - 5.7 forecasts of expenditure
 - 5.8 contract programme and progress

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- 6 **Valuing work in progress:**
 - 6.1 verified information sources
 - 6.2 contract valuations
 - 6.3 variations
 - 6.4 adjustments and allowances made
 - 6.5 materials on site
 - 6.6 materials off site
 - 6.7 retention

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- 7 **Valuing completed contract work:**
 - 7.1 verified information sources
 - 7.2 contract valuations
 - 7.3 variations
 - 7.4 adjustments and allowances made
 - 7.5 retention

- 8 **Variations:**
 - 8.1 Costs
 - 8.2 Quantity
 - 8.3 Quality
 - 8.4 Programme
 - 8.5 Reimbursement for loss and expense

- 9 **Claims – resulting from:**
 - 9.1 Measurement
 - 9.2 Valuation of variations
 - 9.3 Loss and expense arising from breaches of contract

- 10 **Background information:**
 - 10.1 Sub-contractor payment proof
 - 10.2 Invoices
 - 10.3 Warranties
 - 10.4 Signed final account statement by contractors

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