



EXPLO National Manual for Projects Management

Volume 7, Chapter 2

Project Back charges Procedure



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Project Back charges Procedure

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Project Back charges Procedure

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Project Back charges Procedure

Table of Contents

1.0	PURPOSE	5
2.0	SCOPE	5
3.0	DEFINITIONS	5
4.0	REFERENCES	6
5.0	RESPONSIBILITIES	6
5.1	Project Manager	6
5.2	Procurement Manager	6
5.3	Sub/Contracts Manager	6
5.4	Backcharge Initiator (any Member of the Project Team).....	7
5.5	Project Controls Manager.....	7
5.6	Accounting/Finance Manager.....	7
5.7	Responsible Site Engineer (RSE)	8
5.8	Project Backcharge Coordinator	8
6.0	PROCESS	9
6.1	Backcharge Program.....	9
6.1.1	General.....	9
6.2	Project Controls Reporting	9
6.2.1	Cost and Commitment.....	9
6.2.2	Trend Program	11
7.0	ATTACHMENTS	11
Attachment 1 - EPM-KPC-TP-000031 - Project Basis for Backcharge Entitlement Checklist Template ...		12
Attachment 2 - EPM-KPC-TP-000032 - Project Backcharge Order of Magnitude (OOM) Estimate Template		13
Attachment 3 - EPM-KPC-TP-000033 – Backcharge Summary Log Template		14
Attachment 4 - EPM-KPC-TP-000034 - Project Cost and Commitment Report Template		15
Attachment 5 - EPM-KPC-TP-000035 - Project Daily Summary of Backcharge Work Template		16
Attachment 6 - EPM-KPC-TP-000036 - Project Notice of Backcharge Work to be Performed Template .		17
Attachment 7 - EPM-KPC-TP-000037 - Project Backcharge Completion/Cancellation Notice Template .		18



Project Back charges Procedure

1.0 PURPOSE

This procedure provides Project Controls personnel with methodologies and formats for controlling, reporting, invoicing, and recovering costs for backcharge work.

This procedure applies to works performed under all Government construction projects executed throughout the Kingdom of Saudi Arabia.

2.0 SCOPE

Project Controls primarily has a supporting role in the Backcharge Program. Therefore, this procedure covers only roles and responsibilities of Project Controls personnel in detail. Project Controls personnel should, however, read the noted reference documents to understand the Backcharge Program as a whole.

3.0 DEFINITIONS

Definitions	Description
Backcharge	A charge by either the Entity/Contractor as a means of recovering all the costs incurred by the Contractor/Entity to correct or repair and/or modify deficient work that is directly result of the Entity/Contractor.
Cost & Commitment Report – CoCo Report	This is a cost report that measures committed/Incurred cost against established budget for specific scope of work
CGL	Corporate General Ledger
Contractor	One that agrees to furnish materials or perform services at a specified price, especially for construction work.
Entity	A Saudi Government organization which is responsible for the delivery of government funded infrastructure construction projects.
FMR	Field Material Requisition
Initiator/Originator	Any person on the project team can identify or discover a deficiency in a product or service that has been supplied by a third party, either a vendor (via PO) or a contractor (via Contract)
OOM	Order of Magnitude
PSE	Power Sourcing Equipment (PoE)
PCM	Project Controls Manager
PCE	Project Controls Engineer
PO	Purchase Order
PBC	Project Backcharge Coordinator
RSE	Responsible Site Engineer
Supplier	A Supplier is any organization or proprietor that receives a purchase order or enters into an agreement to provide a service, furnish equipment or material, on any Prime Contract, and does not employ on site labor in so doing. It is the intent of this definition that a manufacturer's service, erection and commissioning supervisors, technical staff, testing engineers, and delivery drivers (e.g., of ready mixed concrete) are not considered as labor employed on the work site, and instead, are classified as employees of Suppliers.
UOS&D Report	Unsatisfactory, over, short, and damaged work/material report
Vendor	The manufacturer of the Spare Part. Typically the manufacturer of the equipment (for which Spare Part(s) are being sought). In some instances a supplier to said manufacturer.



4.0 REFERENCES

None

5.0 RESPONSIBILITIES

5.1 Project Manager

- Verify compliance with the requirements of all applicable backcharge procedures.
- Ensure adequate training and visibility of backcharge administration processes on project conducted by finance team.
- Authorize backcharge work (according to the authority given by the Entity).
- Delegate specific accountability for backcharge administration on the project.

5.2 Procurement Manager

- Verify inclusion of appropriate backcharge rates/conditions in Purchase Order (PO)
- Identify the authorized representative for each PO
- Manage administration of PO backcharge provisions
- Review/interpret the relevant PO terms and conditions to determine the applicability of a backcharge.
- Confirm that unsatisfactory, over, short and damaged materials information are immediately forwarded to the Project Backcharges Coordinator.
- Ensure that the unsatisfactory, over, short, and damaged materials log is available to the Project Backcharges Coordinator with the unsatisfactory, over, short, and damaged items annotated.
- Coordinate with the authorized representative to provide timely notice to a vendor, so that it has the opportunity to correct the defect condition within a reasonable time. Order work to proceed without vendor's prior approval when a delay will disrupt project schedule or endanger life or property. Such orders shall be followed immediately with adequate notice to the vendor.
- Transmit officially the Project Manager approved Basis for Backcharge Entitlement Checklist (**Attachment 1**) and the Backcharge Rough Order of Magnitude Estimate (**Attachment 2**) to the vendor and seek the vendor's concurrence to either perform the work or authorize Entity representative to perform the work as a backcharge.
- Document, negotiate, and settle backcharges accumulated against the vendor.

5.3 Sub/Contracts Manager

- Identify what is or is not in a contract with regard to the terms of the potential backcharge
- Ensure inclusion of the appropriate backcharge rates/conditions in Contract's documents
- Negotiate the specific terms and pricing for proposed contractor's backcharges and settle backcharges
- Summarize backcharge procedure during the contractor pre-construction meeting
- Review and approve all contract backcharges
- Interpret contract requirements
- Document, negotiate, and settle backcharges accumulated against the Vendor (if authorized by the Entity)
- Transmit the Basis of Backcharge Entitlement Checklist and Backcharge Rough Order of Magnitude Estimate to the contractor/vendor and seek concurrence to either perform the work or authorize Entity to perform the work as a backcharge.
- Transmit the Notice Backcharge Work to be Performed to the Contractor for signature if the backcharge is refused.
- Coordinate with the authorized representative to provide timely notice to contractor(s)/vendor; grant the opportunity to cure the defect condition within a reasonable time. Order work to proceed without contractor's prior approval when a delay will disrupt



Project Back charges Procedure

project schedule or endanger life or property. Such orders shall be followed immediately with adequate notice to the subcontractor.

- Manage administration of contract backcharge provisions.
- Collect backcharge work reports and Daily Summary of Backcharge Work (**Attachment 5**).
- Conduct negotiations as required to resolve all disputed backcharges for contracts.
- Settle backcharges

5.4 Backcharge Initiator (any Member of the Project Team)

- Notify Project Backcharge Coordinator of a potential backcharge situation
- May draft the Basis for Backcharge Entitlement Checklist (**Attachment 1**) for Project Backcharge Coordinator

5.5 Project Controls Manager

- Establish standard recovery rates and pricing templates for project
- Verify that standard recovery rates and pricing templates are included in the Request For Proposal and in the contract.
- Establish a unique backcharge account for backcharges.
- Provide tracking system for monitoring backcharge costs and recoveries
- Prepare estimates for backcharges if requested by supplier or if required by PO or Contractor.
- Along with Accounting, use the Daily Summaries of Backcharge Work (**Attachment 5**) as the basis for auditing and determining that all direct charges are recorded in the appropriate backcharge account.
- Monitor recording of costs and recoveries, work with Accounting to correct errors.
- Perform schedule and cumulative impact analysis.
- Incorporate backcharge cost data into project cost and financial reports.
- Periodically review amounts withheld versus backcharge values.
- Inspect the work to confirm that costs charged are in line with the scope of work performed

5.6 Accounting/Finance Manager

- Notify applicable Accounting Department that a backcharge has been initiated on a particular supplier and instruct Accounting to flag the applicable PO or contract so that all future payments are reviewed by the PCM or designee until the backcharge is resolved.
- Prepare backcharge invoices/credit memos when work is completed or, if work is of a continuing nature, prepare monthly invoice(s). (NOTE: credit memos are only used to correct billing inaccuracies for invoices, versus a "write off," which is used to identify unrecoverable amounts that arise from a final settlement.)
- Issue invoices/credit memos after obtaining Project Manager approval, and send copies to Project Backcharge Coordinator, Procurement Manager, and/or Contract Manager, as appropriate
- Maintain Backcharge Invoice Report showing all invoices/credit memos issued and payments received and provide a copy to the Project Backcharge Coordinator.
- In the event of non-payment of the backcharge invoice and payment is due to supplier against a PO or Contract, with the approval of the Project Manager, direct the applicable Accounting Department, as determined by the project execution plan, to withhold the amount of the backcharge invoice from any payment due to the supplier and provide details of the deduction to the supplier.
- In the event of non-payment of the backcharge invoice and there is no outstanding payment due to the supplier, coordinate the recovery with the responsible Procurement Manager or Contract Manager against any available bonds, letter of credit, or other type of PO or Contract security.
- In the event of non-recovery, partial recovery, or cancellation of the backcharge, initiate the required action/s.



Project Back charges Procedure

5.7 Responsible Site Engineer (RSE)

- Assist in the identification and quantification of backcharges
- Monitoring work activities for potential and actual backcharge work
- Assist with the preparation of the Notice Backcharge Work to be Performed (**Attachment 6**) when supplier's work must be completed or corrected by the Entity or others to meet the requirements of the contract or PO.
- Assist in the preparation of the Notice Backcharge Work to be Performed (**Attachment 6**) when third-party tools, equipment, facilities, and materials were used by the supplier in the performance of backcharge work that the supplier was obligated to perform under the terms of the contract.
- Ensure that the Notice Backcharge Work to be Performed (**Attachment 6**) documents the total scope of tools, equipment and materials, and labor required to perform the backcharge work.
- Summarize the status of all open and pending backcharges at progress review meetings
- Initiate Daily Summary of Backcharge Work (**Attachment 5**)
- Track the progress of backcharge work, verifying the acceptability of the work performed and initiating the Backcharge Completion/Cancellation Notice (**Attachment 7**).
- Ensure that backcharge labor hours, materials, and equipment are documented and submitted to Accounting for billing/processing on a timely manner.

5.8 Project Backcharge Coordinator

The Project Controls Manager assigns the Project Backcharge Coordinator; however, the Project Controls Manager typically performs the role of Project Backcharge Coordinator. The responsibilities of the Project Backcharge Coordinator include the following:

- Develop division of responsibility for backcharges.
- Provide concurrence for the Basis for Backcharge Entitlement Checklist
- Log potential backcharges and assign backcharge number and cost code.
- Establish and maintain backcharge file.
- Provide notice to appropriate project personnel.
- Continue the verification process until it is proven that the work is not a backcharge or proceed to initiate the necessary backcharge process.
- Develop familiarity with the scope of services and commercial terms and conditions in the POs and Contracts.
- Draft the Notice Backcharge Work to be Performed (**Attachment 6**) in accordance with Entity and project procedures. Distribute notice to the following:
 - Project Manager
 - Procurement Manager
 - Sub/Contract Manager
 - Supplier
 - Project Controls
 - Project Accounting
 - Construction
- Obtain approval of authorized representative of the supplier for the Entity to proceed with precise work or service to supplier account.
- Expedite and issue Daily Summary of Backcharge Work (**Attachment 5**) (in accordance with entity and project procedures) for each active backcharge from the Project M/Contractor responsible for the work.
- Maintain Backcharge Summary Log (**Attachment 3**) and issue on a monthly basis. A list of all backcharges includes the following:
 - Numbers issued
 - Estimated/actual amounts
 - Backcharge invoice number
 - Invoiced amounts



Project Back charges Procedure

- Amounts collected
 - Amounts outstanding
 - Amounts disputed
- Establish and lead weekly Backcharge Status Review meeting, as appropriate.
 - Perform daily walkthrough of jobsite to monitor field activities and identify any potential areas where backcharge may be warranted against a supplier. Train and sensitize others to do the same.
 - Hold periodic (monthly or quarterly) review of withheld amounts with Accounting and Project Controls.

Review the field material requisitions and Unsatisfactory, over, short, and damaged work/material report.

- Report with Procurement Manager to ensure that all backcharges have been developed.
- Notify Accounting and Project Controls when all work on a backcharge is completed and ready for billing. The notification is to be signed by the Project Backcharge Coordinator and Project Manager or designee.
- Notify Accounting and Project Controls when a backcharge is cancelled and document the reason for cancellation on the Backcharge Completion/Cancellation Notice (**Attachment 7**). The notification is to be signed by the Project Backcharge Coordinator and Project Manager.

6.0 PROCESS

6.1 Backcharge Program

6.1.1 General

The intent of the backcharge program is to ensure that the Entity is reimbursed for the total cost incurred (including both direct and indirect costs) to correct, repair, and/or modify deficient work performed by contractors via contract or for incomplete and/or defective materials supplied by vendors via purchase orders. The Entity may perform work in support of or instead of the supplier through a third party (Contractor/Vendor).

The following situations constitute the need for backcharge process to start:

- Incomplete or unsatisfactory work, materials or equipment. The backcharge must include corrective work, modifications or completion of materials/equipment that are not in accordance with the drawings or specifications of the applicable contractor, and or additional purchases.
- Goods damaged or lost in transit; work necessary to repair or replace or damaged/lost equipment or materials. This must be evaluated relevant to the vendor's, and/or contractor's insurance policies.
- Costs incurred by the project for providing construction equipment or services required by a contractor in the performance of their scopes of work. (This type of costs may be recovered through other means such as a contract change notice.)
- Costs incurred by the project resulting from poor performance or defective material supplied by the vendor or contractor.
- Costs incurred by the project resulting from omitted actions of the contractor and/or vendor

6.2 Project Controls Reporting

6.2.1 Cost and Commitment

6.2.1.1 Backcharge Cost

As material/contract for backcharge work is ordered, the PO or Contract should be cost coded to the backcharge cost codes established in the cost control system whenever it is possible. A Cost and Commitment



Project Back charges Procedure

Report can be sorted by cost code to show the backcharge cost codes and the various POs/Contracts that have charges against that cost code.

A Cost and Commitment (CoCo) Report can be sorted by cost code to show the backcharge cost codes and the various POs/Contracts that have charges against that cost code. A backcharge cost code can be used on several POs/Contracts, if for example, several field material requisitions (FMR) are written to purchase material for the same backcharge. Committed and actual values are shown for each PO/Contract, with a subtotal for the cost code. **(Attachment 3 & 4)** illustrates this.

6.2.1.2 Backcharge Recoveries

The manner in which backcharges are recorded in our accounting system does not assume that payment (recovery) will be received.

These items are also “Committed-As-Paid,” meaning the commitment equals the actual value as it comes through the books. This means that the project’s CoCo Report reflects the decreased committed values and decreased actual costs, because these are offsetting entries to the actual costs incurred and are reflected as such in the project’s Corporate General Ledger (CGL). The current budget for these items is always zero. The current forecast for these items depends on any values trended.

A CoCo Report sorted by cost code shows the backcharge recovery cost codes, the invoice number (as PO), and the corresponding committed and actual values (as credits).

A CoCo Report sorted by PO/Contract shows the various invoices, the corresponding recovery cost code, and the committed and actual values (as credits).

6.2.1.3 Balancing Costs to Recoveries

The sum of the backcharge cost codes and backcharge recovery cost codes does NOT equal zero. There are several reasons for this:

1. The credit to job cost includes overheads for the backcharge.
2. The credit to job cost is based on the backcharge rates established by the project (see Section 3.4), which includes recovery for indirects.
3. If a backcharge is determined to be “unrecoverable,” there is never a credit to job cost.
4. There is potentially a time lag between when actual costs are incurred and when recoveries (credits) are booked, especially in the case of a “Settlement via Payment.”

6.2.1.4 Reconciliation

It is also important to verify that backcharge invoices are being issued and the associated payments are being received. On a regular basis, reconcile the actual backcharge costs, invoices issued, and the actual payments received.

The Backcharge Summary Log (**Attachment 3**) is the primary project document for reporting the reconciliation between costs incurred, invoices issued, and payments received. Gathering the information for this report can be complex, depending on the level of staffing for the project and where certain processes are taking place. The Accountant is responsible for reconciling outstanding backcharge invoices, whether or not he/she is the one doing the actual processing (in other words, even if the processing is done in at the processing center). Since there are no existing “reports” that a Project Controls Engineer can run from the accounting systems to find out which backcharge invoices have been paid, Project Controls must rely on Accounting to provide that information. This is part of Accounting’s responsibilities as outlined in (Section 5). It is important to note that Accounting doesn’t necessarily do this alone. Accounting may require the help of Project Controls (possibly the Project Backcharge Coordinator), Field Engineering, and Contracts Administrator or Procurement to align a payment with a corresponding invoice(s). Coordination and constant communication among all parties involved in the backcharge program ensures that the costs, credits, and recoveries are accounted for, split between cost codes, and reported correctly.



Project Back charges Procedure

6.2.2 Trend Program

6.2.2.1 Cost

Costs (materials, equipment, contracts) spent on backcharges show up on the project books as actual cost and are credited (reversed) only when backcharge recovery is made. The credit is only for the amount recovered, not necessarily for the full amount actually incurred.

Projects typically trend backcharge costs as they are incurred. This is done on a monthly basis, thereby keeping the forecast equal to the actuals. While this is not forward-looking, it eliminates the need for a “true-up” later.

Although it is not common, projects can trend the forecasted or estimated costs to be incurred on backcharges. This is the forward-looking approach; however, these trends have to be “trued-up” later when the actual costs incurred are known.

6.2.2.2 Recoveries

Projects typically trend backcharge recoveries as they are received, thereby keeping the forecast equal to the actuals. This is not forward-looking, but it is the most conservative and safest approach. The most conservative stance a project can take is to trend all backcharge costs either upon estimating the costs or expending the costs, and then trend the recoveries as they occur.

Although it is not common, projects can trend the forecasted or “expected” recovery (as a credit to job cost). This is the forward-looking approach; however, it is risky because it assumes the recovery will be made. This option should be taken only with evaluation and concurrence of the Project Manager.

6.2.2.3 Level of Detail for Trends

The highest level of detail is, of course, to trend all costs and recoveries to the individual cost codes where they have been incurred. This would provide the most complete evaluation of each individual backcharge, but it is also the most time consuming approach. This approach should only be used based on the magnitude of the impact of the change (i.e., > SAR100,000).

The project could opt to choose one cost code in which to record all of the jobhours and costs trended (“funded”) for backcharges. This, however, makes it impossible to determine which backcharges are “funded” and which are not.

Recoveries should always be recorded to the individual recovery account so that a record is always kept as to which backcharges have been recovered and which have not

7.0 ATTACHMENTS

1. EPM-KPC-TP-000031 - Project Basis for Backcharge Entitlement Checklist Template
2. EPM-KPC-TP-000032 - Project Backcharge Order of Magnitude (OOM) Estimate
3. EPM-KPC-TP-000033 - Backcharge Summary Log Template
4. EPM-KPC-TP-000034 - Project Cost and Commitment Report Template
5. EPM-KPC-TP-000035 - Project Daily summary of backcharge work Template
6. EPM-KPC-TP-000036 - Project Notice of Backcharge Work to be Performed Template
7. EPM-KPC-TP-000037 - Project Backcharge Completion/Cancellation Notice Template



Project Back charges Procedure

Attachment 1 - EPM-KPC-TP-000031 - Project Basis for Backcharge Entitlement Checklist Template

Basis for Backcharge Entitlement Checklist

Project No.:	_____	Contract No.:	_____	
Project:	_____	Backcharge No.:	_____	
Contractor:	_____	Originating basis:	NCR Other	
Backcharge Initiator:	_____	PO/Contract No.:	_____	
Responsible Superintendent:	_____	Supplier/Subcontractor:	_____	
Summary of Backcharge Scope (use attachments if necessary)				
Section A: Backcharge Initiator				
Date of material/equipment was delivered or service was rendered? _____				
What is the number, revision and date of the document (drawing or specification) that is being used to verify conformance/compliance? _____				
Is the Supplier/Contractor responsible for the deficiency?		☐ YES	☐ NO	
Is the rework necessary because it is a safety concern?		☐ YES	☐ NO	
Does this work have any schedule impact?		☐ YES	☐ NO	
When is the expected schedule to perform the backcharge work? _____				
Can the material/equipment be returned to Supplier/Contractor for repair or maintenance? _____				
Provide details as necessary (use attachments if necessary)				
Section B: Procurement Representative/Buyer		☐ YES	☐ NO	
Is the Purchase Order or Contract still active (open)?		☐ YES	☐ NO	
Is warranty still in effect?		☐ YES	☐ NO	
Is the Supplier/Contractor still in business?		☐ YES	☐ NO	
Has Supplier/Contractor final payment been released?		☐ YES	☐ NO	
Section C: Procurement Representative/Material Management				
What was the storage condition of the material/equipment? ☐ N/A:				
Referenced NCR/Other Review Documentation:				
	Printed Name	Title	Signature	Date
		Backcharge Initiator		
☐ Accept ☐ Reject		Responsible Site Engineer		
☐ Accept ☐ Reject		Project Backcharge Coordinator		
☐ Accept ☐ Reject		Procurement/Contract Administrator		
☐ Accept ☐ Reject		Project Manager		
Comments:				



Project Back charges Procedure

Attachment 2 - EPM-KPC-TP-000032 - Project Backcharge Order of Magnitude (OOM) Estimate Template

BACKCHARGE ROUGH ORDER OF MAGNITUDE (OOM) ESTIMATE

Project No.:		Backcharge No.:		
Project:		Originating Basis:	☐ NCR ☐ Other	
Contractor:		Document No.:		
Contract No.:		Estimate Date:		
PO/Contract:		Estimate Total:		
Supplier/Contractor:				
REFERENCE(S):				
Direct Costs				
Engineering	Hours	Rate	Cost	
(By Category Construction, Quality, Testing, etc.)				
Labor	Hours	Rate	Subsistence	Cost
(By Craft):				
Equipment	Hours	Rate	Subsistence	Cost
(Description and Tag Number):				
Material	Quantity	Unit Cost	Transportation	Cost
(Descriptions)				
Subcontract				Cost
(Company – Service Provider)				
Indirect, Supervision, Admin	(Rate from Backcharge Clause) %			
	SUBTOTAL			\$
	OVERHEADS			\$
	TOTAL			\$
	ROM ESTIMATE			\$
Printed Name	Title	Signature	Date	
	Backcharge Initiator:			
	Project Backcharge Coordinator:			
	Responsible Site Engineer:			
	Project Controls:			



Project Back charges Procedure

Attachment 3 - EPM-KPC-TP-000033 – Backcharge Summary Log Template

[PN: PROJECT NAME]

[PN: Project Number]

BACKCHARGE SUMMARY LOG

	FOR WORK COMPLETED THROUGH
	SUMMARY UPDATED

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Backcharge Number	Date Issued	Date Ackn'd	Date Accepted	Backcharge Description	Vendor / (Sub)Contractor Name	P.O. / Contract Number	SAR Amount Current Contract	SAR Amount Unpaid To Date	SAR Amount of PPB/BG/LOC	Work Complete / In Progress	SAR Amount Estimated incl. Entity Overheads	Cost (incl. labor, material, equip. etc.)	SAR Amount Actual Overheads	Actual B/C = Cost + Overheads	SAR Amount Invoiced	Date Invoiced	SAR Amount Collected	Date Collected	SAR Amount Written Off	SAR Amount Outstanding	SAR Amount Disputed	Status / Comments / Closed
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
Total	0										SAR 0.00	SAR 0.00	SAR 0.00	SAR 0.00	SAR 0.00	0	SAR 0.00	0	SAR 0.00	SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
Total	0										SAR 0.00	SAR 0.00	SAR 0.00	SAR 0.00	SAR 0.00	0	SAR 0.00	0	SAR 0.00	SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
														SAR 0.00						SAR 0.00		
Total	0										SAR 0.00	SAR 0.00	SAR 0.00	SAR 0.00	SAR 0.00	0	SAR 0.00	0	SAR 0.00	SAR 0.00		
Total Previous Total Change This Period	0										SAR 0.00	SAR 0.00	SAR 0.00	SAR 0.00	SAR 0.00	0	SAR 0.00	0	SAR 0.00	SAR 0.00		

Description/Explanation

- Number generated per site procedure. All numbers to be sequential. Include all numbers, even if not used/rejected.
- Date the backcharge notice/documents are issued to vendor/(sub)contractor.
- Date vendor/subcontractor acknowledges receipt of backcharge notice/documents.
- Date vendor/subcontractor formally accepts terms and conditions stipulated in backcharge notice/documents.
- Brief description of backcharge work.
- Name of vendor/subcontractor being backcharged.
- Original P.O. or Subcontract number.
- Amount of current P.O./Subcontract in Saudi Arabian Riyals. This should be the award amount plus any added change orders/
- Total amount unpaid to date on current PO / Subcontract values (includes retainage)
- Total amount of Performance Bond / Bank Guarantee / Letter of Credit or any other Guarantees. If none, state N/A.
- Type "In progress" or insert actual date backcharge work is completed.
- Estimated backcharge Amount in Saudi Arabian Riyals including any Mark Ups.
- Actual backcharge Cost in Saudi Arabian Riyals including labor, material, payroll add, equipment etc. excluding mark up. If the backcharge is in progress then this column needs to be updated on a regular basis with updated cost to-date information.
- Mark Up Amount in Saudi Arabian Riyals for overhead, supervision & administrative costs as stipulated under the backcharge clause.
- Total Actual backcharge Amount in Saudi Arabian Riyals = Cost (incl. labor, material, payroll add, equipment etc.) + Mark Up
- Amount of invoice billed to vendor or subcontractor in Saudi Arabian Riyals.
- Date the original invoice is sent to vendor or subcontractor.
- Amount of payment received by the Entity from vendor or subcontractor in Saudi Arabian Riyals.
- Date amount collected from vendor or subcontractor.
- Amount Written Off shall be evaluated against Total Actual Backcharge value (i.e. column 15).
- Until the B/C is complete, Amount Outstanding = Estimated B/C Amount (Column 12) - (Amount Collected + Amount Written Off) otherwise count as follow: Amount Outstanding = Total Actual B/C Amount (Column 15) - (Amount Collected + Amount Written Off)
- Amount Disputed in Saudi Arabian Riyals.
- Brief description or status of backcharge with any relevant comments. i.e. "CLOSED" / "REJECTED" / "DISPUTED"



Project Back charges Procedure

Attachment 4 - EPM-KPC-TP-000034 - Project Cost and Commitment Report Template

XYZ PROJECT															Run Date: 6/17/10	
Cost and Commitment Report															Job Number: 12345	
Summary by Cost Code and PO/Contract															Location: SARA	
Cost Code	PO/Contract	Curr	UOM	Allocated			Forecast			Committed				Actual		
				Qty	Hours	Rpt Amt	Qty	Hours	Rpt Amt	Qty	Hours	Amt(Nat)	Rpt Amt	Qty	Amt(Nat)	Rpt Amt
0ES-99.1001	12345FP0328	SAR	ea	0	0	0.00	0	0	0.00	0	0	529.00	529.00	0	529.00	529.00
	12345FP0329	SAR	ea	0	0	0.00	0	0	0.00	0	0	472.00	472.00	0	472.00	472.00
Subtotal for: 0ES-99.1001				0	0	0.00	0	0	0.00	0	0	1,001.00	1,001.00	0	1,001.00	1,001.00
0GE-99.1002	12345FP0402	SAR	lot	0	0	0.00	0	0	0.00	0	0	210.00	210.00	0	210.00	210.00
	12345FP0431	SAR	lot	0	0	0.00	0	0	0.00	0	0	873.00	873.00	0	873.00	873.00
	12345FP0436	SAR	lot	0	0	0.00	0	0	0.00	0	0	346.00	346.00	0	346.00	346.00
Subtotal for: 0GE-99.1002				0	0	0.00	0	0	0.00	0	0	1,429.00	1,429.00	0	1,429.00	1,429.00
0PV-99.1003	12345FP0458	SAR	ea	0	0	0.00	0	0	0.00	0	0	2,200.00	2,200.00	0	2,200.00	2,200.00
Subtotal for: 0PV-99.1003				0	0	0.00	0	0	0.00	0	0	2,200.00	2,200.00	0	2,200.00	2,200.00
0GE-99.2002	12345GE-002	SAR	pc	0	0	0.00	0	0	0.00	0	0	-2,693.22	-2,693.22	0	-2,693.22	-2,693.22
Subtotal for: 0GE-99.2002				0	0	0.00	0	0	0.00	0	0	-2,693.22	-2,693.22	0	-2,693.22	-2,693.22
This is the recovery invoice recorded for backcharge 002. Note that the amount credited is greater than the costs recorded for the backcharge in COCO. That is because the recovery invoice includes indirects and overheads																



Project Back charges Procedure

Attachment 5 - EPM-KPC-TP-000035 - Project Daily Summary of Backcharge Work Template

DAILY SUMMARY OF BACKCHARGE WORK

Project No.:				Contractor:			
Project:				Backcharge No.:			
Contract No.:				Originating Basis:	☐ NCR	☐ Other	
Procurement Rep.:				Notice Date:			
Backcharge Initiator:				Reply Required By:			
Responsible Engineer:	Site			PO/Contract No.:			
Project Controls:				Supplier/Contractor:			

LABOR				EQUIPMENT		
No. Craft	Class	Hours		Equip. No.	Description	Hours
		ST	OT			
TOTAL LABOR:					TOTAL EQUIPMENT:	

OTHER			
QUANTITY	DESCRIPTION		
TOTAL OTHER:			
COMMENTS:			
ASSOCIATED DOCUMENTS:			
POINT OF CONTACT:			
Printed Name	Title	Signature	Date
	Project Backcharge Coordinator		
SUPPLIER/SUBCONTRACTOR POINT OF CONTACT:			



Project Back charges Procedure

Attachment 6 - EPM-KPC-TP-000036 - Project Notice of Backcharge Work to be Performed Template

Notice of Backcharge Work to be Performed

Project No.:	_____	Contract No.:	_____
Project:	_____	Backcharge No.:	_____
Contractor:	_____	Originating Basis:	NCR Other
Procurement Rep.:	_____	Notice Date:	_____
Backcharge Initiator:	_____	Reply Required By:	_____
Responsible Site Engineer:	_____	PO/Contract No.:	_____
Project Controls:	_____	Supplier/Contractor	_____
NOTIFICATION/INSTRUCTION TO (Supplier/Contractor): The Entity is exercising its discretion, pursuant to the backcharge provision of our agreement, to undertake remedial action for the defined below. The backcharge is based on the identified goods or services. Corrective Actions on your part are deemed to be impractical due to access, timing, and contemporary conditions.			
Comments:			
This notice provides a description of the tasks required to correct the defects and a Rough Order of Magnitude (ROM) estimate of the expected price. The total estimated price of this backcharge is approximately SAR See Attachment			
Note: The actual final cost may be more or less than the ROM estimate.			
Attachment(S):			
Point Of Contact:			
Printed Name	Title	Signature	Date
	Project Backcharge Coordinator		
Concurrence			
	Project Manager		
	Procurement Manager		
Supplier/Subcontractor Point of Contact			



Project Back charges Procedure

Attachment 7 - EPM-KPC-TP-000037 - Project Backcharge Completion/Cancellation Notice Template

BACKCHARGE COMPLETION/CANCELLATION NOTICE

Project No.:	_____	Contract No.:	_____
Project:	_____	Backcharge No.:	_____
Contractor:	_____	Originating Basis:	☐ NCR ☐
Backcharge Initiator:	_____	Po/subcontract	Other _____
Responsible Superintendent:	_____	No.:	_____
	_____	Supplier/Subcontractor:	_____
Completion/Cancellation Summary:			
SAMPLE			
Start Date:		Final Date:	
RFE SIGNATURE			
Responsible Site Engineer (Printed Name):			
Responsible Site Engineer (Signature):			Date:
AUTHORIZED INSTRUCTION			
<i>Approval of this document acknowledges/authorizes the completion/cancellation of this Backcharge:</i>			
☐ Completed		☐ Cancelled	
SM AUTHORIZATION			
Printed Name	Title	Signature	Date
	Project Manager		
Concurrence			
	Procurement/Contract Manager		