EXPRO National Manual for Projects Management

Volume 7, Chapter 5

Project Cost Reporting Procedure

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Table of Contents

1.0 PURPOSE 5
2.0 SCOPE 5
3.0 DEFINITIONS 5
4.0 REFERENCES 5
5.0 RESPONSIBILITIES 6
5.1 Project Controls 6
5.2 Other Departments 6
6.0 PROCESS 7
6.1 General 7
6.2 Cost Progress Report 7
7.0 ATTACHMENTS 7
Attachment 1 - Project Cost Reporting Flow Chart 8

1.0 PURPOSE

The purpose of cost reporting is to communicate the current cost status & performance of the project to project management.

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

2.0 SCOPE

This procedure applies to all projects that are required to issue a periodic management report of the project cost status. This procedure provides guidance to Project Controls personnel on coordinating cost report preparation in the absence of any other published guideline or instruction.

3.0 DEFINITIONS

Definitions	Description
Cost performance Index - CPI	Used to measure the project's health by comparing the project's work performed with the project's budget for such work performed. This can use man-hours or costs for its calculation. CPI = actual work performed / budget of work performed • If < 1 means project is performing over budget, • If = 1 means project is on budget and • If > 1 means project is performing under budget.
Cost & Commitment Report - CoCo Report	This is a cost report that measures committed/Incurred cost against established budget for specific scope of work
Summary Cost Report	A report to compare incurred and forecasted cost against current budget and original budget at high level of project WBS
Work Breakdown Structure - WBS	Is breakdown of scope elements based on location/sections/discipline to a manageable level for control and reporting purposes
Purchase Order (PO)	A commercial document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services.
Entity	A Saudi Government organization which is responsible for the delivery of government funded infrastructure construction projects.
Change Order	A contractual notice advising the Contractor of a potential compensable change.

4.0 REFERENCES

1. EPM-KPC-PR-000012 - Project Historical Cost Report Procedure
2. EPM-KPC-PR-000002 - Project Budget Control Procedure
3. EPM-KPC-PR-000003 - Project Cost and Commitment Procedure
4. EPM-KPC-PR-000007 - Project Trend Program Procedure
5. EPM-KPC-PR-000004 - Project Forecasting Procedure
6. EPM-KPC-PR-000008 - Project Management of Change Procedure

5.0 RESPONSIBILITIES

The Project Cost Report is the responsibility of the Project Controls Manager. However, the Project Manager may delegate the responsibility to coordinate report preparation and distribution to Cost Engineer, including the responsibility to ensure information is accurate, informative, and consistent with contractual requirements. Within a project, each department is responsible for documenting and submitting information that feeds into the monthly cost report. The input must be submitted to the Project Control Manager or delegate and must be in the approved format.

5.1 Project Controls

- **Project Controls Manager**
    - Responsible for the schedule, format, and content of the Project Cost Report. This should be communicated during contract negotiations.
    - Reviews and approves Project Cost Report prior to issue
    - Issues the Project Progress Report on time
    - Reviews input for consistency and compares it to that for the previous month
    - Reviews report components for problem areas and potential trends
    - Drafts the Executive Summary
- **Project Cost Engineer**
    - Develops schedule for monthly input and is responsible for report preparation, review, and issue
    - Issues monthly request for input from all pertinent parties
    - Compiles information provided by the various departments and reviews the analysis that accompanies each component
    - May provide cost and commitment input
    - May provide status of progress payment schedule
    - Copies and issues completed report to distribution
    - Analyzes input
- **Trend Engineer**
    - Provides input and analysis regarding scope changes and trends
- **Project Scheduler**
    - Provides scheduling input
- **Field Cost and Schedule Supervisor**
    - Reviews the Monthly Construction Progress Report

5.2 Other Departments

The Managers of Engineering, Procurement, Construction, and Accounting are responsible for the input for their sections, as appropriate. Typically input is as follows:

- Engineering/Construction provides input regarding progress status, work completed, work in progress, and work planned for the next period to support earned value calculation.
- Procurement/Contracts provides input regarding the status of POs/sub/contracts.
- Accounting department provides input regarding the status of actual cost, payments, invoice status, etc.

6.0 PROCESS

6.1 General

Cost report is issued monthly to align with accounting reporting cycle of actual cost which is a monthly cycle.

See **Attachment 1** for Project Cost Reporting Flow Chart

6.2 Cost Progress Report

Project Controls establish the content, format, and schedule of the project cost report.

At the request of the Project Manager, the Project Controls team must establish a calendar for the submittal of project cost report input by the various team members for project management review and approval and incorporation into the report. In addition to creating the overall calendar, Project Controls should send out a monthly reminder to all parties requesting their input.

The Project Cost Report is issued each month (as defined in the contract) and reports on cost data from previous month. All costs, job-hours, and report statuses are through the end of the calendar month. Any significant change that takes place after the cutoff date should be documented parenthetically in the narrative

After all required input, has been obtained, reviewed, and analyzed; the report is assembled and checked for consistency. The draft report is reviewed by the Project Controls Manager and/or the Project Manager, comments are incorporated, and the final report is issued. The original report goes to the Entity's Project Manager, and copies are sent to individuals identified on distribution list, as specified in the Project Controls Plan for the project.

A typical report consists of the following:

- Cover Letter
- Title page, distribution, Table of Contents, Introduction
- Executive Summary
- Table showing contract status, including initial contract amount, approved Change Orders, current contract value, pending Change Orders, and current forecast
- Cost and Commitment Summary
- Table containing original budget, current budget, current forecast
- Table of invoices and payment status
- Scope Change status
- Status of Progress Payment Schedule (lump sum)
- Cost performance reports
- Variance reports

7.0 ATTACHMENTS

1. Project Cost Reporting Flow Chart

Attachment 1 - Project Cost Reporting Flow Chart