



EXPLO National Manual for Projects Management

Volume 7, Chapter 3

Project Estimate Approval Procedure



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Project Estimate Approval Procedure

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Project Estimate Approval Procedure

1.0 PURPOSE

This procedure provides guidelines for estimate approvals. This procedure applies to works performed under all Government construction projects executed throughout the Kingdom of Saudi Arabia

2.0 SCOPE

Estimates are prepared throughout a project whole life cycle and are required at various stage gates prior to moving through the next gate. Class 5 estimates are reviewed by the Estimating Manager and concurred by the Project Sponsor. Class 4 estimates are reviewed by the Estimating Manager and concurred the Stage Gate Coordinator as described in their respective procedures. All other estimates must be approved in accordance with this procedure.

3.0 DEFINITIONS

Definitions	Description
Basis of Estimate (BoE)	A document that details the premise, from which critical aspects of a cost estimate is developed.
Cost Estimate	Evaluation of all cost elements of a project or effort as supported by the agreed-upon-scope.

4.0 REFERENCES

1. EPM-S00-PR-000006 - Project Cost Estimate (Class 4) Procedure
2. ENT-S00-PR-000006 - Entity Initial Project Cost Estimate (Class 5) Procedure
3. EPM-KPE-PR-000001 - Project Estimate Types Procedure
4. EPM-KPE-PR-000003 - Project Estimate Methodology / Development Procedure
5. EPM-KPE-PR-000004 - Project Estimate Review Procedure
6. EPM-KPC-PR-000001 - Project Cost Coding Structures Procedure

5.0 RESPONSIBILITIES

The Project Director is responsible for developing the scope of work and distributing it to the project team; coordinating the overall strategy, planning, staffing, and estimate execution; reviewing cost presentations. The recommendation of the Project Director assures that all processes have been followed; the estimate represents the team's best judgment of the team and the estimate can be used for its purpose.

The Estimating Manager or representative manages estimating activities and executes the Cost Estimating Core Processes within the Entity. Upon recommendation of the Estimate, the Estimating manager concurs that the estimating core processes have been followed.

The Engineering Manager or representative has overall responsibility for the preparation, definition, quantification and documentation of the design basis and scope of work. The work scope sets the limits of costs represented in the estimate. Upon recommendation of the estimate, the Engineering Manager concurs that all the scope has been captured.

The Contracts Manager or representative is responsible to provide prices quoted by vendors, current market pricing data, inland and ocean freight rates, vendor representative rates and expenses, and makes a recommendation as to the escalation rates to be included in the estimate, ensures that the project contract strategy is properly represented. Upon recommendation of the estimate, the Contracts Manager or representative concurs with the pricing inputs included in the estimate and that the project contracts strategy is well reflected in the estimate.

The Construction Manager or representative provides construction and installation input regarding craft labor availability, wage rates, productivity information, the contracting plan, the construction equipment. Upon recommendation of the estimate, the Construction Manager concurs with all the construction inputs included.



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The Project Controls Manager or representative ensures that all project control aspects of the estimate have been adhered to such as the proper use of the cost coding structure.

Other departments may also need to make recommendations if their input was requested (examples):

- Human Resources for employment conditions, salary, and benefits data, rates and work rules.
- Risk Management for payroll based insurance premiums, other insurance requirements and costs.
- Health, Safety, Security and Environment for support costs.

Once all the departments have made their recommendations, the Director General approves the estimate for its intended use.

6.0 PROCESS

The objective of the estimate approval is to achieve consensus among the departmental managers and to proceed with the Entity's Senior Manager's approval.

Once the presentation of the Basis of Estimate (BoE), see EPM-KPE-PR-000004 – Project Estimate Review Procedure, has occurred and all departmental comments have been incorporated, the estimate is ready for approval. It is best practice to have an official sign-off sheet to formalize the approval by all the Entity's departmental managers, an example is shown in **Attachment 1**. Once approved, the estimate can be used for its intended purpose. See **Attachment 2** for further details in this regard.

7.0 ATTACHMENTS

1. EPM-KPE-TP-000011 - Project Estimate Approval Confirmation Sheet Template
2. EPM-KPE-TP-000012 - Estimate Approval Matrix Template



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Attachment 1 - EPM-KPE-TP-000011 - Project Estimate Approval Confirmation Sheet Template

PROJECT ESTIMATE APPROVAL CONFIRMATION SHEET

Expro Project No.: _____

Project Title: _____

Estimate Preparation Date: _____

DEPARTMENT	POSITION / REP.	NAME	SIGNATURE	DATE
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Recommendation

Estimating	Estimating Manager	[Name Surname]		
Engineering	Engineering Manager	[Name Surname]		
Contracts	Contracts Manager	[Name Surname]		
Construction	Construction Manager	[Name Surname]		
Project Controls	Project Controls Manager	[Name Surname]		
Project Management	Project Director	[Name Surname]		

Approval

Entity	Director General	[Name Surname]		
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Attachment 2 - EPM-KPE-TP-000012 - Estimate Approval Matrix Template

ESTIMATE APPROVAL MATRIX													
	Estimate Description	Classification	Value Range in B SAR	Director General	Project Director	Manager Of Engineering	Manager Of Project Controls	Manager Of Estimating	Manager Of Contracts	Manager Of Construction	Other Departments (as required)	Stage Gate Coordinator	Project Sponsor
STUDY ESTIMATES													
Class 5	Indicative / Conceptual	OOM	0 - 1					Reviews					Concurs
			> 1					Reviews					Concurs
Class 4	Feasibility / OOM	Preliminary / Pre-Feasibility	0 - 1					Reviews				Concurs	
			> 1					Reviews				Concurs	
Note: Class 5 and class 4 estimates approvals are governed by Procedure ENT-S00-PR-000006 and EPM-S00-PR-000006 respectively. They have been included here for illustration purposes only.													
PROJECT ESTIMATES													
Class 3	Preliminary	Feasibility	0 - 1	Approves	Recommends			Recommends					
			> 1	Approves	Recommends	Recommends	Recommends	Recommends	Recommends	Recommends	Recommends		
Class 2	Engineer's	Definitive Basic Engineering	0 - 1	Approves	Recommends		Recommends	Recommends					
			> 1	Approves	Recommends	Recommends	Recommends	Recommends	Recommends	Recommends	Recommends		
Class 1	Definitive	Forecast	0 - 1	Approves	Recommends		Recommends	Recommends	Recommends	Recommends			
			> 1	Approves	Recommends	Recommends	Recommends	Recommends	Recommends	Recommends	Recommends		

Legend

Approval Not Required