

CONTENT OUTLINE

PROJECT COSTING CONTROL AND ACCOUNTING

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OVERVIEW

This course is designed to provide participants with a general background to the process of measuring, recording, and summarizing the financial events of a construction project. With this basic background, participants will then learn how to maintain records and perform various project cost control functions.

PREREQUISITE

Although there is no formal educational prerequisite for this course, the participants' chances of success will be enhanced if their reading and comprehension skills are at a high school or equivalent level. Participants must be familiar with basic computer operating and word processing programs.

LEARNING OBJECTIVES

Upon successful completion of this course, participants will be able to:

- identify accounting terminology
- perform project accounting functions
- perform project cost control functions
- maintain records
- manage payables

CONTENT

1. Identify accounting terminology.

- cost accounting, financial accounting and managerial accounting
- accounts payable
- accounts receivable
- general ledger
- journal entries
- job cost accounting
- job cost budgeting
- financial statements
- cash flows
- tax implications

2. Perform project accounting functions.

- financing
- issuance of progress claims (Statutory declaration, WCB)
- billing breakdown
- cash flow / scheduling
- invoice approvals (receivable)
- payment / holdbacks
- substantial completion / total performance
- back charges / claims / liquidated damages/disputes/change orders
- payment certificates
- penalties / bonuses

3. Perform project cost control functions.

- prepare budget
- purchase orders
- cost coding the estimate
- time cards / labour summaries
- invoice approvals / payable
- productivity analysis
- project cost variances
- cost forecasting (i.e., estimate through to completion)
- reporting procedures (levels of reporting systems)
- post job review
- change order process
- use a computer software package

4. Maintain records.

- set up filing system (alpha, alpha-numeric, Master Format)
- control documents
- update documents

5. Manage payables.

- provide an uninterrupted flow of materials, supplies, and services
- maintain and control inventories
- maintain quality standards
- find or develop competent vendors
- identify advantages of standardizing
- minimize costs

METHODOLOGY

This course lends itself to lectures, projects, and exercises. Instructors may involve the participants in the following specific techniques and activities:

- icebreaker type activity to get students engaged as soon as possible;
- case study to prepare a one month job site report that includes: variances, percent complete, start-up and completion reports, and cost forecasting;
- case study to prepare: quote sheets, purchase orders, inventory of material, internal material requisition, and shipping schedule;
- demonstrating the use of a job-costing software package;
- resourcing a speaker on cost control;
- demonstrating samples of the following: purchase orders, payment certificates, budgets, invoices, packing slips, change orders, claims/back-charge forms, time cards, statutory declaration/WCB Clearance Certificates.

ASSESSMENT

In order to successfully complete this course, participants will be expected to demonstrate that they have achieved the learning objectives. They will be evaluated through various assignments, projects, and/or tests based on each of these objectives. Final assessment for the course will be determined by the following weighting:

Learning Objective	Weighting (%)
1. Identify accounting terminology	15
2. Perform project accounting functions	20
3. Perform project cost functions	40
4. Maintain records	15
5. Manage payables	10
	100

RESOURCES

Reports, Manuals, Textbooks, and Documents

A Guide to the Project Management Body of Knowledge (PMBOK), PMI Standards Committee, Project Management Institute, 1996 [ISBN: 1-880410-12-5 (pbk. : alk. paper) / ISBN: 1-880410-13-3 (hdbk)]

Cost Control for Contractors, Council of Ontario Construction Association
(<http://www.coca.on.ca>)

Change Orders in Electrical Construction by Awad S. Hanna (<http://www.necanet.org>)

Financial and Cost Concepts for Construction Management by Daniel W. Halpin, 1985
(ISBN: 0471897256)

National Change Notice Procedure Guide by the Canadian Mechanical Contracting Education Foundation (<http://www.cmcef.org>)

Means Forms for Contractors, R.S. Means Company, Inc., 1990. (ISBN: 0-87629-214-7)

PMP Exam: Practice Test and Study Guide, ESI International, 1998 (ISBN: 1-890367-11-7)

PMP ©: Project Management Professional Study Guide, SYBEX Inc., 2002
(ISBN: 0-7821-4106-4)

RsMeans documents (<http://www.rsmeans.com>)

BC Manual on Management of Building Projects (<http://www.bcprojectsmanual.com>)

Government / Association Websites

Canadian Construction Association (CCA) (<http://www.cca-acc.com>)

Canadian Construction Document Committee (<http://www.ccdc.org>)

Other Resources

Sample contractor forms and reports

Job costing software