Viewpoint Jobpac Connect™

Project Costs Updates
Function Guide
Version: 1.0

Document Control Table

Prepared by	Damien Bourke
Approved or authorised by	
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Change History

Version	Date	Author	Description of Changes
1.0	31/12/2021	DMB	Initial Release

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Project Costs Updates

Introduction

This document demonstrates how the different type of cost originate, and update costs on Project Cost Centres.

Committed Cost

A committed cost is established against a cost centre each time a purchase order is raised or a subcontract is let by the site administrator and entered into the system. The committed cost equals the value of the purchase order or subcontract.

Committed Budget

When letting subcontracts or raising purchase orders, the site administrator can also enter the amount of budget that was allowed for the subcontract or purchase order. This is known as the committed budget. It is usually allowed to default to the value of the Order.

Actual Cost

Actual Costs are defined as the value of approved project costs actually in the company ledgers. e.g. invoices received from the supplier or subcontractor for goods and/or services which have been authorised by the project manager and posted to accounts, the value of labour and salary costs actually paid, general journals, and plant hire costs. If any actual cost is not linked to a Purchase Order or a Subcontract Agreement, it also updates the committed cost on the project.

Outstanding Cost

This is equal to Committed Cost – Actual cost.

Incurred cost

Incurred Costs are defined as the value of goods and/or services that have been physically delivered to a project, and a delivery docket entered into Jobpac, and an invoice is yet to be processed. It is also the value of a SC Payment that has been prepared but not yet posted.

Accrued Cost

Accrued Costs are defined as the value of goods and/or services that have been physically delivered to a project, but not subject of a delivery docket or an unposted SC Payments, and are not yet invoiced. These are manually entered into Jobpac as BFM Cost Accruals.

Cost of Work in Progress (CWIP)

CWIP is defined as the sum of Actual, Incurred, and Accrued Costs. Simply put, it is the cost of all goods and services which have been physically received and used on a project, regardless of whether the costs have been authorised or not.

Paid Cost

Paid Costs are defined as the value of all approved creditor/subcontractor invoices that have had a cheque or EFT payment raised against them. Any payroll costs, journals and direct debits are deemed to be paid.

Example with Purchase Orders

Starting Position.

The examples are based on the PMW Formula E: FFC = FCC + Committed cost. Yellow means cost change.

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	0	0	0	0	0	0	0	10,000	10,000	0

Raise a Purchase order Item for $4,000 and commit budget of $4,000 (default)

Note: FCC reduced by value of Committed Budget.
FFC remains unchanged.

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	4,000	4,000	0	0	0	0	4,000	6,000	10,000	0

Raise a delivery docket for $3,000

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	4,000	4,000	3,000	0	0	3,000	4,000	6,000	10,000	0

Raise an Invoice for $2,000 and link to delivery docket

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Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	4,000	4,000	1,000	0	2,000	3,000	2,000	6,000	10,000	0

Raise a Cost Accrual in BFM for $1,000

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	4,000	4,000	1,000	1,000	2,000	4,000	2,000	6,000	10,000	0

Raise another Purchase Order Item for $7,000 and commit budget of $6,000 (all that is left). This uses up the remaining Committed Budget.
The FCC is reduced to zero, and the FFC is now $11,000.   Gain/Loss = -$1,000 = Budget - FFC

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	11,000	10,000	1,000	1,000	2,000	4,000	9,000	0	11,000	-1,000

Complete the first Purchase order item. This means no more invoices will be processed, and the Incurred Value will be reduced to zero, and the Actual cost will become the commitment.

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	9,000	10,000	0	1,000	2,000	3,000	7,000	0	9,000	1,000

Incurred Cost calculation is done for each Purchase order item.
Incurred cost = Value of Delivery dockets for the PO item – Value invoiced against the PO item.

NB. If the Incurred Cost calculation gives a negative Value, then Incurred is set to zero. Incurred cost cannot be Negative.

Incurred Cost due to Delivery dockets can be removed by completing the dockets.

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Example with Subcontract Agreement Payments

Starting Position.

The examples are based on the PMW Formula E: FFC = FCC + Committed cost

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	0	0	0	0	0	0	0	10,000	10,000	0

Raise a Subcontract order Item for $4,000 and commit budget of $4,000 (default)
Note: FCC reduced by value of Committed Budget.
        FFC remains unchanged.

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	4,000	4,000	0	0	0	0	4,000	6,000	10,000	0

Prepare a SC Payment for $3,000, but don't post it (i.e. waiting for approval)
Incurred cost is calculated at the SC Agreement Item Level.
For each SC Item, Incurred Cost = Valuation of work done (Authorised Amount) – Previously Authorised Amount
In this case Incurred Cost = $3,000 – 0 = $3,000

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	4,000	4,000	3,000	0	0	3,000	4,000	6,000	10,000	0

Post the SC Payment

Cost Centre	Budget	Committed Cost	Committed Budget	Incurred Cost	Accrued Cost	Actual cost	CWIP	Outstanding Cost	FCC	FFC	Gain/Loss
1003/MT	10,000	4,000	4,000	0	0	3000	3,000	1000	6,000	10,000	0

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