

## Topic 3 Section 4

# Measuring, Monitoring and Reporting Costs Vs Budget

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# Costing

Costing consists of two steps:

- Recording all outputs and expenditure associated with the job
- Allocating all associated costs to the relevant account number by using a cost code.

These activities are important. They allow the project supervisor to:

- Keep track of where and how money is being spent on the project
- Control amounts being spent for labour, plant, materials and subcontracts
- Forecast the cost of activities, whether on the current job or in future contracts
- Detect trends in the prices of labour, plant and materials
- Include reliable, historically based data in future estimates and tenders.

When the job starts, the project supervisor sets up recording systems to make sure that the processes of recording and allocating job costs are well organised. The recording methods must be in accordance with the company's accounting processes, and are generally designed to ensure that:

- Failure to record a cost item is a rare occurrence
- Misallocation of costs (i.e. recording against an incorrect code or item number) is minimised.

## Uses of Cost Data on the Job

The immediate use, on the job, of all information produced by costing is in detecting inefficiency and waste. A project manager who has current, reliable data about the job costs is able to answer two important questions:

- Is the work being completed in accordance with the estimates?
- What is the most economical way to perform a particular task?

The production and availability of accurate costing figures is therefore of vital importance to all supervisory personnel on the job. Leading hands, gangers and foreman play an important role in this process, by recording the times worked by men and plant and the quantities of materials used on the job. They also identify the items in the project estimate that the recorded amounts refer to.

By taking care to ensure that each cost item is correctly recorded, leading hands, gangers and foreman are helping to ensure that the project runs smoothly and that costs within their area of control remain within budgetary guidelines.

Each company has a list of codes against which work on the job is recorded. Everyone concerned with recording job costs must be reasonably familiar with the list of codes for the job. While it is not necessary to know every item on the list, which may run to numerous pages, it is essential to be familiar with the codes that are commonly used on the particular

part of the job for which a person is responsible. For example, the drainage foreman must know all codes likely to be used for drainage work.

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**Note!**

*Everyone on the job must take time and care to ensure that each cost item is correctly identified (e.g. by work item number or costing code number) at the time when it is recorded. If you are not sure of the correct code number for a work item, always check with the supervisor and consult the code list before recording the item.*

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Case Study 15 shows how costs recorded on the job during a day's work may be allocated to cost codes. The figures derived from costing the day's work (as specified in the case study) show that:

- Total cost of drainage work for the day was \$2513
- Labour was \$1360 or 54% of the total
- Plant hire was \$755 or 30% of the total
- Materials were \$398 or 16% of the total
- \$2022 or 80% of costs were incurred under cost code 2231 (Excavate to specified depth)
- \$416 or 17% of costs were incurred under cost code 2234 (Prepare ground)
- \$75 or 3% of costs were incurred under cost code 2235 (Conduct strength test).

The foreman or project supervisor may use these figures to check whether:

- The amount spent on the day's work was close to that shown in the works program
- The break-up of the work costs between labour, plant hire and materials was comparable to that obtained for similar work in other parts of the job
- The break-up of costs between labour, plant hire and materials was comparable to that obtained for similar work on other jobs
- The costs incurred under each of the coded items were reasonable for that item.

## Management of the Costing Process

Costing may be performed by on-site clerical staff on a large construction project, or be allocated to a foreman on a smaller job.

To ensure that the costing process itself delivers the desired results, it is important to:

- Realise that accurate costing figures do not just 'happen'; the work of the person doing the costing must constantly be checked
- The person producing the figures can only act on the basis of the figures he or she has been given by a foreman or engineer. If the costing clerk is given inaccurate figures, the results will contain inaccuracies.

If sufficient efforts are made to set up a workable costing system on site when the project starts, they will pay dividends as the project progresses. A good system will result in:

- accurate, useable figures
- on-time delivery of figures
- appropriate volumes of data
- data formats that are understood by everyone on site and are useable.

This, in turn, will allow supervisors to take corrective action as required to keep the job on time and on budget.

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**Note!**

*Although costing deserves the time and attention of all staff on site, it is not an end in itself. Leading hands, gangers and supervisors must balance the time spent in 'producing data' against the need to actually supervise and work on the job.*

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## Essentials of Job Costing

It is essential that job costing is above all else, accurate. All incurred charges must be included in the total cost of an item (however, people should not spend unnecessary time and money calculating costs to the last cent).

It is not relevant whether or not the company has received the money. For example, project expenses may include materials received or work done. Once an expense is incurred, it must be recorded. If an accurate cost is not known, a reasonably accurate estimate of the cost must be used.

Costing must also be carried out as promptly as possible. This means recording the costs of labour, plant, materials and subcontract on a daily basis. These costs show where improvements will be required later in the job.

It is important to make cost forecasts at regular intervals as the work progresses, so that if it appears costs have become excessive, the supervisor can take prompt action to review the method of carrying out the work.

Costs a month old are 'history' and of little use to the job supervisor. They cannot be used for cost control. Nothing can recover money already wasted.

## Calculating Costs

In a costing system, information on labour, plant hire, materials and subcontractors' costs are converted from hours (either of labour or of plant) and quantities (e.g. cubic metres of sand) into dollar costs. This means multiplying the hourly rates of the men and plant and the unit costs of the materials by the applicable rates.

The costs attributable to each item in the estimate are recorded separately.

## Obtaining Cost Information

The person responsible for costing may obtain estimated debits (costs) and credits (refunds) from the following types of documents:

- Summary of wages dissections
- Summary of plant dissections
- Stores orders
- Depot issues
- Transfers
- Freight requisitions
- Vouchers
- Plant hire charges
- Credit notes
- Drum delivery notes

The cost clerk should constantly scan incoming documents and records, to ensure that all cost details are captured in the system. If he or she is successful in doing so, the total shown in the job journal at any time should reflect the total cost of the job to that date.

## Recording job Data

Construction companies generally produce guidelines to assist the person responsible for costing to make entries to the accounting system. These guidelines will describe which items incurred on the job may be classified as labour, plant, materials and subcontract.

For example, depending on the detail of the guidelines, labour may include gangers' and labourers' wages, but exclude the cost of foremen, cost clerks, plant operators and owner drivers.

Typical items classified as plant costs may include private plant hire, company plant hire, operator's wages, owner-drivers' wages and hire, fuels and oils, cutting edges etc. and plant repairs charged to the job.

The definition of materials is often broad. However, it cannot include costs better classified as plant or subcontract.

Depending on the detail of the guidelines, subcontractors' costs may include all tenders and quotations for which a fixed price has been obtained, and any debits which include components of labour, plant and materials, and which cannot be readily dissected into those three components.

## Controlling Materials

It is important to know estimated values of all materials on hand. A register of materials may be kept for this purpose. If so, it will show the details of the materials currently 'on hand'— i.e. it gives the quantity and value of each different kind of material.

In order to achieve accurate and prompt costing, you must keep the materials register up to date at all times. The person responsible for supplying this information to the cost clerk must do so promptly and accurately, to ensure that all information is available on time.

Details of all materials arriving on the job are entered in the materials register. This includes their estimated value.

As each material item is used, the date of use and amount used must be entered under the correct item description in the job journal. At the same time, it is taken out of the materials register, as the material is no longer 'material on hand'.

For the cost clerk to do these things, he or she must know:

- details of every material that arrives on the job, including quantities and date of arrival on site
- details of every material that leaves the job, including quantities and date of departure
- details of every material that is used on the job including quantities, date of use, and item description on which it is used.

It is the responsibility of the foreman to ensure that the cost clerk is provided with the information relevant to his section of the works. Therefore the foreman must provide:

- the delivery dockets for materials coming from a private supplier
- the depot issues for materials from the job store
- tally sheets for all gravels, screenings, etc. delivered to the job.

It is essential that all these documents are given to the cost clerk each day.

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### **Note!**

*ALL JOB PERSONNEL should check their pockets before going home each day, to ensure that documents are not lost to the washing machine or some other fate.*

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## Head Office Debits

After the company has actually paid a particular account, it is entered in the head office ledger and people at the site office are advised of the exact cost. If the charge so advised differs from the site clerk's estimated figure, he or she makes a correction in the appropriate accounting journals or ledgers.

This process should not normally affect costing or cost control from the road construction supervisor's point of view. All debits and credits advised by head office are entered in the site journal and ledger as estimated entries.

## Time and Dissection Books

The cost clerk makes up pay sheets so that people working on the job are paid their wages promptly each pay period. In order to do this, the cost clerk must know the number of hours that each person works during the pay period. These costs are recorded in the journal.

The cost clerk must also know how many hours are worked on each scheduled item to ensure the cost of each item is correctly posted in the accounting system.

**FOREMAN'S DAILY REPORT**

22817

Job No.

WEATHER *FINE*



DATE: *25/11/2004*

RAIN: (Details)

DAY: *THURSDAY*

GROUND CONDITIONS:

BY: .....

PERSONNEL/NAME	Total Hrs	C/C	Hrs	C/C	Hrs	C/C	Hrs	Other/Comments
<i>A. MERCER</i>	<i>9 1/2</i>	<i>95024</i>		<i>95026</i>	<i>3</i>			<b>COPIES</b>  3H Job File ✓ accounts ..... Outward Hrs. Files/Down: O/Hire #
<i>C SADLER</i>	<i>8 1/2</i>	<i>96018</i>						
<i>S USHER</i>		<i>FUNERAL</i>						
<i>S FRASER</i>	<i>8 1/2</i>	<i>20003</i>	<i>4 1/2</i>	<i>40001</i>	<i>1 1/2</i>	<i>95023</i>	<i>Site Office</i>	
EQUIPMENT/HIRE	Total Hrs	C/C	Hrs	C/C	Hrs	C/C	Hrs	Other/Comments
<i>PRESTIGE</i>		<i>95011</i>						<i>SITE OFFICE.</i> <i>DRILL</i> <i>APRINDER 1 GEN.</i> <i>WATER TRUCK</i> <i>SP# 25117</i>
<i>COATES</i>		<i>96018</i>						
<i>"</i>		<i>30006</i>						
<i>HARRISON</i>								
SUBCONTRACTOR	Total Hrs	C/C	Hrs	C/C	Hrs	C/C	Hrs	Other/Comments
<i>RIVERCITY</i>	<i>9 1/2</i>	<i>20003</i>	<i>6</i>	<i>40001</i>	<i>1 1/2</i>	<i>96014</i>	<i>2</i>	<i>4T COMBO.</i> <i>TIPPER</i>
<i>GREEN</i>	<i>9</i>	<i>20003</i>	<i>5 1/2</i>	<i>96014</i>	<i>3 1/2</i>			
MATERIALS	Qty	Cost Code	Received from				USE	
<i>CONCRETE 25/10</i>	<i>0.4</i>	<i>96018</i>	<i>HANSON.</i>					
Foreman's Remarks & Production:								
<i>Finished excavation for garden bed for eastern side of eastern car-park.</i>								
<i>Remove spoil for Natpac.</i>								
<i>Survey for main road through southern car-park.</i>								
<i>Poured kerb on concrete slab near sub-station.</i>								
<i>Placed sub-soil around north west corner of western car-park.</i>								
							<i>W.M.</i> Foreman	

IMPORTANT: Submit following day.

## Measuring Production

Foremen and/or engineers measure the completed quantities of the items in the estimate and supply this information to the cost clerks.

Cost clerks calculate the actual unit cost of each estimated item by dividing the total cost of that item by the quantity which has been completed.

The engineer updates the works programme and, with the assistance of the foreman and cost clerk, forecasts the projected monthly and final costs of the job for the labour, plant, materials, subcontract and overhead requirements indicated on the updated programme.

This information is reported at specified intervals to company managers to keep them informed of the progress and efficiency of the job. In some organisations, the procedure is for the foreman to provide measured quantities on a specified date each month. This allows the cost clerk to obtain information and produce reports on a regular cycle.

## Calculating Approximate Quantities

In some circumstances, tallies of loads of loose material may be used to calculate an approximate quantity of work completed (e.g. for earthworks). If such a quantity is used to calculate an approximate unit rate for comparison with the estimated unit rate, a conservative allowance may be made for compaction, loss, wastage, overspreading, vehicles not completely filled, etc.

However, approximate quantities must be adjusted as soon as an accurate measure-up is obtained. The company's procedures will state how often this reconciliation needs to be carried out.

## Job Costing and Budgets

This section introduces supervisors to the process of monitoring and reporting the outcomes of the job budget.

A well thought-out budget includes all expenses required to construct the road system; it also helps people to think through every action needed to complete the work, and how those actions will affect the final cost of the project.

## What Can a Budget Accomplish?

The budget for the project helps to identify where money has been spent, as well as identifying when the allocated expenses have been exceeded.

A budget compels members of the organisation to use funds efficiently, provides accurate information for program and activity adjustment and evaluation, aids in decision making, and provides an historical reference for future planning.

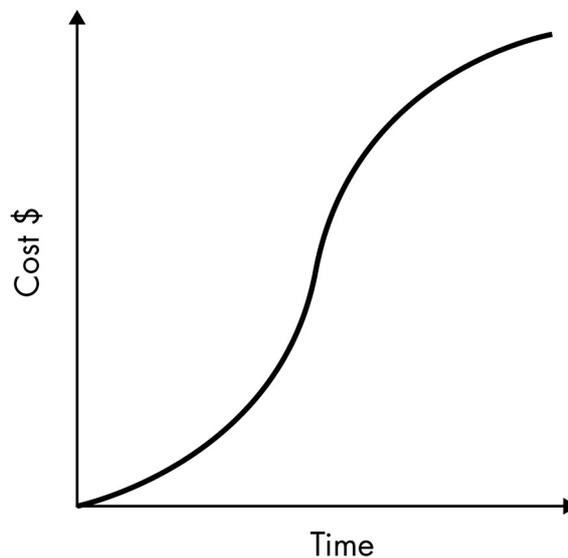
## Planned vs Actual Cash Flow

Proper cost budgeting allows the site team to establish a standard against which project costs may be monitored. Estimated or planned costs are compared to actual costs incurred during the course of the project.

Comparing the cost budget to the project schedule enables supervisors to get an idea of the total budgeted costs of project activities over each time period.

A cost baseline is a time-phased budget that is used to measure and monitor cost performance on a project. It is developed by adding the estimated costs for each time period.

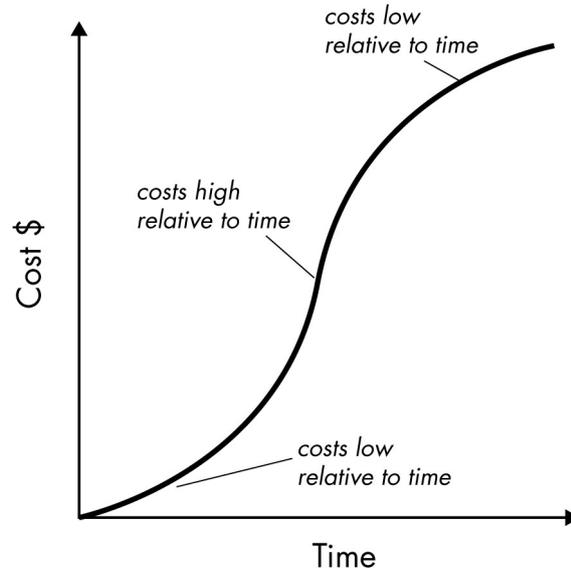
The cost baseline takes the form of a cumulative cost curve, or an S curve, as in the illustration below.



## Baseline Curve

The cost baseline usually takes an 'S' shape, when plotted on a graph, for the following reasons:

- costs in the planning or design phase are usually low
- once production begins, costs ramp up quickly relative to the passing of time
- costs diminish towards the end of the project, during wrap up and delivery.



Expressing a cost baseline graphically can assist supervisors to quickly answer the questions “What will accumulated costs be after this amount of time?” and “By what point in time should costs be this much?”

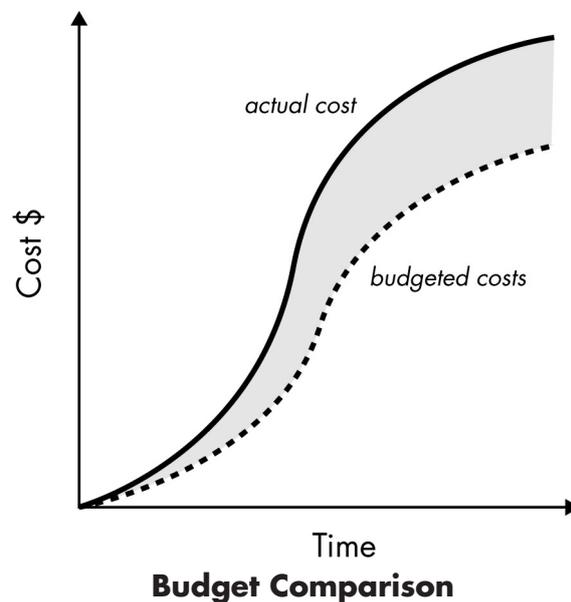
Actual projects costs can be plotted next to the cost base line for comparative purposes.

## Securing Cash Flow

Plot expected cash receipts next to the cost baseline to display a forecast of the project’s cash flow.

You may have several periods of time during the project where you have significant expenses but have not received payment for that work, especially if you are paid only for deliverables.

If this creates a need for short term financing to cover bills, you will want to know the likely time frame in which this will occur. Then you will be able to predict the terms for any necessary loans.



The graphic illustrates how you can show budgeted costs over time, which is the cost baseline, and actual project costs together. Plotting budgeted costs and actual costs side by side allows you to:

- quickly see if cost performances are good or bad
- evaluate the size of cost variances
- easily report cost performances to the stake holders.

You can use the cost baseline for:

- measuring costs expected by a particular date
- comparing budgeted costs with actual costs as they come in
- evaluating the size of cost variance over time
- determining expected cash flow.

## Plotting Costs

Before you can plot planned costs over time, you need to establish the co-ordinates or what costs should be incurred in each time period.

The process is greatly by using a computerised scheduling tool, such as Microsoft Project. Simply input the data and the software generates a works program (as a bar chart) and cost report. Alternatively, the bar chart can be drawn by hand; the cost report may be generated by using Excel or other spreadsheet software.

## Drawing a Bar Chart

A schedule of activities is prepared from the detailed estimate. The schedule of activities shows the expected duration of the various construction operations and also the method of construction, labour and plant required and anticipated daily output.

## Daily Output

Daily output figures must be prepared so that they take into account idle time of plant for servicing or breakdown, time lost due to wet weather, etc. These daily figures are checked against the unit rate used in the estimate by dividing daily output by daily cost. If the difference between the two figures is significant, the matter should be investigated.

## Using Bar Charts

The 'bar' representing for each division of the work is shown so that the length of the bar represents the time to complete the activity. Bar charts are arranged so that:

- Activities required to complete the work follow in logical sequence, according to expected activities on the job
- The work is arranged in such a way that no gang or plant item is located in two places at once and there is a continuity of work for the labour force.

The bar chart represents the detailed plan for construction of the work and as such is a most important job document.

The following subjects related to bar charts are covered in more detail in Topic 2 of this training series:

- Drawing up a work plan
- Interpreting and using information from a work program
- Maintaining a works program.

## Plotting Expenditure

It is useful to plot the expenditure graph for individual items as well as for the job as a whole. This practice is useful for monitoring job costs. It is advisable to produce individual graphs on different charts to prevent confusion.

A chart based on programmed and actually completed progressive totals is a much more meaningful guide to performance and progress than the total money spent each week. The cost of work carried out each week fluctuates with conditions and so may be a very poor indicator of the actual job progress.

## Authorising Payments

The project supervisor is responsible for authorising payments for the various resources used on the job, including:

- labour
- plant
- materials
- subcontractor's expenses.

However, in authorising payments, the supervisor must act within the financial delegations he holds and in accordance with company procedures.

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### **Note!**

*The following discussion is based on practices for authorising payments in a large construction organisation. However, practices vary from company to company and the following procedures are presented for the purposes of illustration only.*

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## New Employees

Each time a new employee is hired on site, the person responsible for human resources must ensure that he sees the cost clerk so that he is registered with the company. The cost clerk takes the following action:

- The employee completes and signs a personnel hire form, providing necessary personal details filled in. This information is forwarded to the paying office, attached to the first pay sheet on which the employee's name appears.
- A receipt form is obtained for any personal equipment issued to the employee.
- The cost clerk enters the employee's details in the employee's register.
- The employee should fill out a rebate declaration for income tax purposes and a health insurance levy exemption claim if he has private health fund insurance.

## Wages and Expenses

Once the supervisor has employed a man, he is then responsible for ensuring that he is paid the correct monies owing.

The following action is required:

- Ensure that time sheets are correctly filled out
- Submit the sheets to the cost clerk each day.
- Sign the sheets at the close of each pay period.
- The cost clerk prepares pay sheets Form using the information in these books.

If expenses such as motor vehicle mileage and out of pocket expenses are approved, the employee must submit a claim each pay period. This enables the cost clerk to prepare the necessary vouchers. The foreman must sign all relevant forms as soon as possible after they are prepared by the cost clerk.

## Injuries

It is important to advise the cost clerk of any injuries that occur on the job. It is his responsibility to inform relevant people and submit all forms relating to the accident.

If the cost clerk is delegated to fill out these forms, he must interview the employee as well as the foreman (if possible) particularly if claims for Workers Compensation are possible.

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Note!

*The supervisor must sign all forms when accidents occur in the work place.*

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## Dismissal

If an employee is given notice the cost clerk should be advised immediately and the following action taken:

- Payment advice forms are prepared if the employee is paid off prior to the closing date of a pay period. The signature of the supervisor is then required.
- The employee must return all issued personal equipment to the store. If there are any shortages the supervising engineer must take action as he sees fit— for example, to recover costs or fair value of discrepancies— before the employee is allowed to leave the job.

## Owner Drivers

Additional procedures may be necessary when employing owner-drivers on the job. Depending on company policies, these may include checking that:

- driver's registration papers are in order
- driver is the sole owner
- registered capacity of the truck is noted
- driver is paid the correct rate as per the registered capacity of the truck
- the driver has a current driver's license
- the truck is measured to assist with tallies
- driver is issued with sufficient daily recording forms
- the vehicle and the conditions of its use on the job comply with all statutory requirements.

## Plant Hire

Each time you hire plant for a job you must notify the cost clerk when it arrives on site. The details of the equipment are then entered in the plant registry immediately. A record of associated tools and attachments may be required.

As with owner-driver trucks, the vehicle and the conditions of its use on the job must comply with all statutory requirements.

When you hire privately owned plant ensure that you prepare a Memorandum of Agreement Form. The owner must sign the form before the plant item commences working on the job. Any alterations to the memorandum of agreement must be initialled by representatives of both parties to the hire.

## Returns

Leading hands, foremen and others may be responsible for regular submission of payment advice forms and other returns to the cost clerk. Actual requirements will vary from site to site, depending on company policies and the site organisation.

If required to do so, you should ensure all times and dissections are correctly entered on time sheets. Other regular returns that site personnel may be required to complete, or to provide data for, include:

- Plant working returns
- Plant hire vouchers
- Plant register
- Hire records for privately owned plant.

The supervisor is usually required to sign all relevant forms before they are dispatched from the job office.

## Damage to Plant

Depending on the extent of damage, company managers may need to be advised of any damage which occurs to plant and machinery. As a minimum, documentation to meet the requirements of the Work Place Health and Safety Act and plant insurances must be completed.

## Dispatch of Plant

When any plant leaves the job, must be notified. Information usually recorded when plant leaves the site includes:

- Notification to relevant personnel (e.g. cost clerk)
- The date of departure (e.g. in the plant register or on the hire documentation)
- Transfer form for attachments or the contents of the tool kit.

## Materials

All personnel on site must pay particular attention to the receipt and handling of materials, because this can cause accounting and costing problems if company procedures are not followed correctly. It is also possible for the company to suffer financial loss or experience additional expenses if the receipt and departure of materials are not monitored carefully.

## Requisition

The supervisor submits requisition forms for all supplies required at the construction site that are outside his delegation of financial authority. This may include permanent materials which will become a part of the finished job, and temporary materials which will be consumed during construction. The supervisor uses a Local Purchase Order form or book for materials and services of types and values that he is authorised to purchase.

When the requisition is received at the company's head office, purchasing staff will obtain approval for the goods or services from a manager who has the relevant financial authority and issue an order to supply the goods.

## Receipt of Materials

Immediately any goods are received at the construction site, the responsible person must check them against the order forms, depot issues, packing slips, and requisitions. This action ensures the correct materials are received on site.

It is important to write the item description on the delivery docket, so that the cost clerk can enter the costs correctly in the ledger. All delivery dockets are sent to either the cost clerk or the head office section each day.

Similarly, detailed tallies of all gravels, screenings, etc used on the job are submitted on a regular basis.

## Issue of Materials

Equipment such as wacka-packas and electric power tools, and materials such as bags of concrete, may be issued from a storeroom by the storeman on a large construction site. On smaller jobs a particular person, such as a leading hand or foreman, may have responsibility for issue of stores.

Whatever the site requirements, it is important to complete all documents to ensure accountability when receiving items to be used on the job. Individuals may be required to sign a sheet recording the issue, and to re-sign it on return of the item to storage. Generally, employees are required to sign a receipt form for all personal equipment issues— for example, personal protective equipment— that are company property.

## Material Returns

The cost clerk on site may be responsible for submitting a variety of material return forms, including the following:

- Monthly drum returns
- A gas cylinder and acetylene bottle return
- Stock sheets showing all floating plant and loose tools
- A return of materials removed from watercourses (on the completion of each job).

The cost clerk can only complete these requirements if leading hands and foremen supply the information to the cost clerk and ensure that forms are filled out correctly.

## Loss, Theft and Destruction

If there are any incidents of equipment loss, theft, or destruction of material at the construction site, it is necessary to submit administrative forms to report all details of the incidents.

### *Theft*

Immediately anyone on site suspects there has been theft of materials or equipment from the site, the person must fill out and submit a report to head office as soon as possible. At the same time, a written report is submitted to the nearest police station. This includes any incidents of graffiti or vandalism. Always send a copy of the police report to head office.

When results of the police investigation are received, head office will advise the outcome. Site personnel who report incidents of theft are often called on to work with the police to establish the circumstances surrounding the theft or loss.

## Destruction of Worn Tools

Each company has a procedure for write-off of worn or damaged tools.

It is better to arrange write-off of broken or worn out tools lying around the work site than to leave them where they may become a hazard to site workers or the public. The usual procedure is to fill out and submit an Approval to Write Off form. Always hold the items at the work site until approval is obtained.

The same procedure is used if materials are lost and you do not suspect theft is involved. However, you will need to provide details of the circumstances of the loss and details of action taken.

Relevant information is entered on the job stock records when you have received approval to write off the material.

## Damage

If any damage occurs to scaffolding, ladders or structural components such as trench shields, you must complete the relevant incident or hazard report form under the Workplace Health and Safety Act. (Use of these forms is described in more detail in Topics 5 and 7 of this learning series).

A written report is submitted to head office concerning any losses or damage due to fire. An investigation will usually be required.

## Dispatch of Materials from Site

Company procedures must be adhered to when dispatching any materials from site. These may include:

- Use of transfer forms for all materials sent to other jobs, and a list of materials returned to a central store.
- Updating the job stock records when any 'floating' plant or loose tools leave the job.
- Preparing a drum delivery note whenever empty drums are returned to oil companies (make sure that the truck driver takes it with him).
- Preparing a railway freight consignment note whenever goods are dispatched by rail from the job.

At the close of a job, the responsible person must submit a complete list of all materials on hand to head office, so that arrangements can be made for their disposal.

At the close of a job, all relevant accounting records must be finalised and relevant accounts balanced; for example, job stock records, drum records, and the materials register. Site records are then returned to head office, or disposed of, in accordance with company policy.

## Section 4 – Assessment Activities

For information on how these assessment activities may be used as part of the learning process, see the section on 'Assessment' in the 'Topic Descriptor' section at the front of this topic.

### Theory Questions

The following questions allow you to assess your progress in understanding the material presented in Section 4. The questions may be of any of the following types:

- multiple choice (identify correct answer or answers)
- multiple choice (identify incorrect answer or answers)
- fill in the gaps in a sentence or statement
- identify a sentence or statement as TRUE or FALSE
- write a few sentences or a short paragraph.

Answers to the question are shown in the separate 'Answer' section.

#### Question 1

What is the purpose of job costing?

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#### Question 2

Name the major categories used to classify costs. What costs are covered by each category?

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**Question 3**

What is the purpose of the materials register? What must be done to ensure the materials register is kept up-to-date?

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**Question 4**

Name four purposes served by the budget.

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**Question 5**

How does the cost-baseline curve predict expenditure at different stages of the project?

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**Question 6**

Describe the purpose of a bar chart. How are bar charts arranged to suit this purpose?

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**Question 7**

What must be done when registering a new employee?

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**Question 8**

What should be done when an employee is dismissed?

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**Question 9**

Name four things that must be checked when taking on an owner-driver.

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**Question 10**

Identify whether the following statements are true or false:

The company manager should be notified if plant is stolen or severely damaged.

The supervisor must issue a requisition form for all materials needing to be ordered.

All receipts, order forms, depot issue forms and delivery slips should be kept by the supervisor.

It is acceptable to remove equipment from the store room so long as it is returned.

**Question 11**

An incident report form needs to be submitted if certain types of equipment are damaged. Give two examples of this equipment.

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