

CAPITAL & ASSET MANAGEMENT BUILDING CONTRACT DIRECTIVE

DATE: October 2012

REFERENCE

FINANCIAL CONTROL OF WORK IN PROGRESS

1. **The need for financial control:**

The need for financial control of work in progress is very important, and overspending on any contract, for whatever reasons is viewed with extreme concern by the members of the County Council and senior officers. **Uncontrolled expenditure reflects adversely upon all the professionals involved in a contract.**

2. **Approval for Expenditure and Levels of Funding**

Project Managers should complete a commissioning form at the beginning of any project and send it to the relevant Capital Accountant in Financial Services, for setting up of the project finances.

On the majority of schemes the expenditure approved and funding level set when the contract is let will be equal to the Contract Sum. Expenditure **must not** exceed this amount without approval for the extra expenditure and supplementary funding. The amount approved may in some cases be made up of contributions from a number of financial provisions made in the authority's budget.

The amounts expended against these various provisions must be accounted for separately and statements of expenditure should show separate values for each element.

Any possible change to a project, whether generating a saving, additional cost or of no cost affect will need to undergo a change request procedure that requires the Client (WSSC Project Manager) to sign off a completed Change of Scope of Work form before any change is instructed on a project. This gives the Client the opportunity to assess the benefit, cost and programme implications of the potential change before it occurs. The potential change should not become incorporated into the project as an instruction, until it is agreed and signed off by the Client.

3. **Approval for additional expenditure:**

Additional expenditure must not be incurred unless supplementary approval has been obtained for the specific extra cost and additional funding approved. Additional expenditure can only be authorised by submitting the Commissioning Form and obtaining approval from the Budget Holder.

4. **Tender and Contract Documentation:**

The most common and frequently the most serious factor contributing to poor financial control of schemes under construction is inadequate documentation at tender stage. In most cases this is as a result of design work and the preparation of working drawings and specifications/schedules of

Appendix A

NOTE:

THIS DIRECTIVE IS APPLICABLE TO THE MAJORITY OF SCHEMES BUT IT WILL NOT NECESSARILY BE APPROPRIATE TO ALL WORKS AND THEREFORE ON EACH SCHEME IT WILL BE NECESSARY TO CHECK THE SPECIFIC REQUIREMENTS.

work or bill of quantities not having been fully completed in sufficient detail at tender stage. **Inadequacies in tender documents seriously increase the risk of delays on site arising from late instructions which in turn lead to claims by the contractor for extensions of time and for the reimbursement of loss and expense.**

5. **Contingencies in Contracts**

The contingency sum is intended as a provision to meet unexpected expenditure arising during construction from events which could not have reasonably been foreseen when tenders were invited, eg adverse conditions on site which could not have been predicted. Contingency sums are not intended to be used to make up deficiencies in the original design or documentation, or to be expended on additional items of work not forming part of the previously approved scheme.

See also
Directive
BCD7

See Directive
BCD12

6. **Monthly Project Reports**

See Directive No BCD12 for the procedure to be followed with regard to provision of reports on anticipated expenditure.

CONCLUSION

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WEST SUSSEX COUNTY COUNCIL

CHANGE TO SCOPE OF WORKS

Date:		Change No:	
Project:			
Project No:			
To:		Forward To:	
The following change to the Project Scope has been requested by:			
Description:			
Business Case:			
Comment: (Project Manager)			
Estimated /Actual Cost	Works		
	Fees		
	Other		
Effect on Date for Completion: (Any Loss and Expense Implications?)			
Additional Funds required: (inclusive of any fee allowance)		YES	NO
Source of Funding:			
Client Approval:			
Date:			