INTRODUCTION

The effective management of budgeting and cost control is crucial for project/process-based organizations. Nowadays, if contemporary organizations want to stay competitive, they are urged to think in terms of process-value added to customers. Budgeting, as well as tracking, controlling & reducing cost represent essential activities to be performed and monitored by organizations as they implement their key processes, activities and operations.

In this workshop participants will learn how to:
- Understand the cost structure of their company;
- Move towards activity-based costing;
- Exploit the advantages of proper budgeting and variance analysis
- Link costing and budgeting with advanced performance management

OVERVIEW

- Best practice, Methods, techniques and systems/software
- Effective CBS and relation with WBS
- Budgeting
- Effective forecasting methods
- Effective analysis and reporting
- Cost control & cost accounting
- EPC projects cost control in a matrix organization (Engineering, procurement, construction, installation & commissioning)
- Level of details for budgeting, actual return, forecasting , etc
WORKSHOP DAILY OUTLINE

1. Introduction to Project budgeting and cost control
   a. Budget and cost as a key financial statement
   b. Approach to cost control
   c. Modern techniques, systems and software

2. Cost Breakdown structure (CBS) and chart of account
   a. Levels (Overall, Operating centers/Segments, Cost centers, Activity based, Element of cost, Detailed elements)
   b. Key levels (STD element of cost, Activity cost)

3. Budgeting and cost control methods along with their links, if any
   a. Activity based
   b. Chart of account based

4. Budgeting and cost control process
   a. Process overview, best practices and responsibilities (In EPC projects and matrix organization).
   b. Main flow of work (Estimation, Budget and Budget revision, Actual cost of work performed, Ledger and accruals, Earned Budget, Forecasting)

5. Cost estimation and Budgeting
   a. Steps for proper budgeting/estimation assumptions
   b. Data collection
   c. Types of budget/estimation
   d. Budgeting methods
   e. Budget control

6. Actual Cost allocation and processing
   a. Job order costing (Cost coding)
b. Process costing
   c. Activity based costing including average rate

7. Forecasting
   a. Forecasting best methods and formulas
   b. Breakeven analysis

8. Cost analysis and analysis of variance (rate, Qty and cost)
   a. Variances determination
   b. Follow up and performance review
   c. Budget revisions and forecast adjustment.

9. Variations (Change order/extra work) and budget adjustment

10. Reporting
   a. Best reporting practice and content.
   b. Project reporting

11. Users’ Cost consciousness and interest/ attraction
   a. Best practice/ tactics to resolve communication problems and obstacles
   b. Understanding the need of cost control

12. Closeout
   - Project Cost this period
   - Project Cost to Date
   - Cost to Complete
   - Percent Complete