

COST TO COMPLETION (CTC)

1. The purpose of the CTC exercise is to make the site management aware of allowances and costs and to identify the strong and weak commercial aspects of the project so as to enable the Site and Department heads to take appropriate management decisions in time to improve commercial performance.
2. The timing and number of CTC exercises on each project will be recommended to the project QS by the Chief QS / Area QS after due consultation with Commercial Manager.
3. It should only be necessary to complete the whole exercise once and thereafter monitor and fine-tune the situation monthly.
4. The basis of the CTC is :
 - a) Anticipated Final Account - This must be prepared in detail with the effect of variations
 - b) Anticipated Final Costs - the labour, plant and General Expenses (GE) resources will be provided by the Project Manager and costed by the QS. Permanent material and sub-contract resources will normally be in line with the quantities of work on the estimated Final Account. Temporary works costs need careful discussion and consideration between the Project Manager and Project QS.
5. Following an agreement between the Project QS and Project Manager, the CTC shall be forwarded to the Area QS / Chief QS who will liaise with the Commercial Manager, Construction Manager and General Manager.
6. In the event that the anticipated final value of the project is less or more than the Tender value then the margin should be adjusted accordingly.
7. The accuracy of the site programme and site resource predictions are absolutely critical in the matter of CTC preparation. The site QS should take nothing at face value and if any doubt exists, must discuss the matter with the Project Manager.

**ICES & IIESL UAE CPD : "Project Cost Management" by Dhammika T. Gamage
at American University of Dubai on 25 March 2012**

Cost Completion (cont'd....)

8. Overtime on labour requires consideration as basic rates normally only allow for the basic 10 hours.
9. Extra labour costs in Ramadan require consideration.
10. Resources required to demobilize and clear site must be considered.
11. A worked example of a CTC exercise together with explanatory notes / backup data for one major element prepared by the Project QS is to be discussed with the Project Manager and Area QS / Chief QS in order to establish the strategy, the layout and level of details required
12. Wastage factors on materials needs careful consideration.
13. Any reduction in contract value will mean the amount included in GE for Head Office overhead will also be reduced. Credits may also be generated on contract insurances. These items should be confirmed with Administration prior to credit being taken.