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2.1.0	<p>SCOPE</p> <p>These written instructions set out the policies and procedures for the monitoring of Project Cost and Completion.</p>		
2.2.0	<p>OBJECTIVES</p> <p>The objectives of these instructions are:-</p>		
2.2.1	To provide Senior Management with information for the assessment of Operational Risk.		
2.2.2	To define the guidelines for the Reporting and Monitoring of Project Cost and Completion, to enable effective Decision-Making and Performance Measurement.		
2.2.3	To define the role of relevant parties in the Project Management process.		

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2.3.0	ABBREVIATIONS																																						
2.3.1	<p>The abbreviations for or related to documents referred to in these instructions herein are as follows:</p> <table border="0"> <thead> <tr> <th>Abbreviation</th> <th>Document Name</th> <th>Exhibit</th> </tr> </thead> <tbody> <tr><td>PCM</td><td>Project Code Memo</td><td></td></tr> <tr><td>GC</td><td>Gantt Chart</td><td></td></tr> <tr><td>FPR</td><td>Fortnightly Project Report</td><td></td></tr> <tr><td>MPR</td><td>Monthly Project Report</td><td></td></tr> <tr><td>PLCR</td><td>Project Life Cycle Report</td><td></td></tr> <tr><td>CORM</td><td>Charge Out Rate Memo</td><td></td></tr> <tr><td>PB</td><td>Project Budget</td><td></td></tr> <tr><td>WO</td><td>Work Order</td><td></td></tr> <tr><td>VO</td><td>Variation Order</td><td></td></tr> <tr><td>SB</td><td>Sales Brief</td><td></td></tr> <tr><td>MPS</td><td>Monthly Payroll Summary</td><td></td></tr> </tbody> </table>	Abbreviation	Document Name	Exhibit	PCM	Project Code Memo		GC	Gantt Chart		FPR	Fortnightly Project Report		MPR	Monthly Project Report		PLCR	Project Life Cycle Report		CORM	Charge Out Rate Memo		PB	Project Budget		WO	Work Order		VO	Variation Order		SB	Sales Brief		MPS	Monthly Payroll Summary			
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2.3.2	<p>The abbreviations for or related to Job Titles referred to in these instructions herein are as follows:</p> <table border="0"> <thead> <tr> <th>Abbreviation</th> <th>Title in Full</th> </tr> </thead> <tbody> <tr><td>PM</td><td>Project Manager</td></tr> <tr><td>CEO</td><td>Chief Executive Officer</td></tr> <tr><td>MC</td><td>Management Committee</td></tr> <tr><td>GFC</td><td>Group Financial Controller</td></tr> <tr><td>HRM</td><td>HR Manager</td></tr> <tr><td>PS</td><td>Project Supervisor</td></tr> <tr><td>AFM</td><td>Accounts & Finance Manager</td></tr> <tr><td>AM</td><td>Account Manager</td></tr> <tr><td>GCFM</td><td>Group Corporate Finance Manager</td></tr> <tr><td>GCBM</td><td>Group Corporate Budgeting Manager</td></tr> <tr><td>IAM</td><td>Internal Audit Manager</td></tr> <tr><td>POF</td><td>Purchasing Officer</td></tr> <tr><td>CCU</td><td>Commercial Contracts Unit</td></tr> <tr><td>PRO</td><td>Payroll Officer</td></tr> </tbody> </table>	Abbreviation	Title in Full	PM	Project Manager	CEO	Chief Executive Officer	MC	Management Committee	GFC	Group Financial Controller	HRM	HR Manager	PS	Project Supervisor	AFM	Accounts & Finance Manager	AM	Account Manager	GCFM	Group Corporate Finance Manager	GCBM	Group Corporate Budgeting Manager	IAM	Internal Audit Manager	POF	Purchasing Officer	CCU	Commercial Contracts Unit	PRO	Payroll Officer								
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PM	Project Manager																																						
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2.4.0	<p>PROCESS FLOWS</p> <p>Please refer to flowchart.</p>		
2.5.0	<p>POLICIES</p>		
2.5.1	The Project Code and the Project Supervisor must be identified prior to the start of the project.		
2.5.2	The PM is ultimately responsible for the Setting Up, the Monitoring, and the Closing of the Project Code; the Issuance of Invoices and WO / VO; as well as the Project Costing and Budgeting.		
	<p><u>Note on PM</u> :-</p> <p>PM is an assignment title given to a staff responsible to manage a certain project for customer during the project period. The CEO of the Company will appoint a PM for each project from his existing establishment/ company.</p>		
2.5.3	Neither expenses nor time can be charged to the project after the Closing of the Project Code unless authorisation from the CEO is obtained.		
2.5.4	All project report deadlines must be strictly adhered to, and must include the Variances between the Actual and Budgeted Costs, as well as the Reasons for the Variances.		
2.5.5	The CEO of the Company is ultimately responsible for the determination of the Charge-Out Rates to be applied to each individual and must determine this at the beginning of each financial year.		

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2.5.6	All elements of Labour, Machine, as well as directly attributable overheads must be costed in the Project Cost / Budgeting / Tendering Process.		
2.5.7	The PS must use the effective charge out rates to allocate Expense and Time information to the projects.		
2.6.0	PROCEDURES		
2.6.1	Assigning Project Codes / Project Supervisor		
2.6.1.1	The PM shall request for a Project Code from the AFM, and a SB from the AM (please refer to SOP 20 Tendering for details on the SB), and prepare a PCM and send to the CEO.	SB, PCM	PM / AFM
2.6.1.2	The CEO shall sign off the PCM upon checking on the Project Code and the SB, and return it the PM.	PCM	CEO
2.6.1.3	The PM shall distribute the PCM to the HRM, the PS, the AFM, the AM, the GCFM, and the GCBM.	PCM	PM
2.6.1.4	All the above personnel shall acknowledge the PCM to indicate acceptance.	PCM	Various
2.6.1.5	The PM shall make copies of the signed PCM and distribute it to all relevant parties, indicating the commencement date for the Project Code to be used.	PCM	PM
2.6.1.6	Upon Project Completion, the PM repeats the same Steps 2.6.1.1 to 2.6.1.5 above to close the Project Code. Neither expenses nor time should be charged to the project after that unless authorisation from the CEO is obtained.	PCM	PM

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2.6.2	Project Timeline Monitoring		
2.6.2.1	Upon confirmation of the Project Code, the PS shall immediately set up a GC based on the SB.	GC, SB	PS
2.6.2.2	The PS shall then schedule his staff on the GC.	GC	PS
2.6.2.3	The PS shall agree this GC with the PM, and the PM shall sign it off after checking it against the SB.	GC, SB	PS
2.6.2.4	The PS shall then prepare FPR to the PM every fortnightly.	FPR	PS
2.6.2.5	At the end of every month (Project Monthly Cycle), the PM shall prepare a MPR to the CEO.	MPR	PM
2.6.3	Project Cost and Budget Monitoring		
2.6.3.1	The HRM shall assist the CEO of the Company in preparing a CORM indicating the suggested Charge-Out Rate for each individual at the beginning of each financial year and seek the approval of the MC.	CORM	CEO, HRM
	Charge-Out Rate:- a) There are two (2) types of Charge-Out Rate : i. To charge customer (Billing Purposes) ii. For internal purpose (To charge to project and performance measurement) b) The HRM and the GFC are responsible to develop the Charge-Out Rate mechanism	Charge-Out Rate	HRM and GFC
2.6.3.2	Once the MC agrees to the rates, they shall indicate acceptance by signing the CORM.	CORM	MC

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2.6.3.3	The HRM shall then make copies of the CORM and distribute them to the MC, the GCBM, the IAM, the AFM, the AM, and the respective PM and PS.	CORM	HRM
2.6.3.4	Before the culmination of every project, the PS shall prepare a PB based on the SB.	PB, SB	PS
2.6.3.5	The PS shall agree this PB with the PM, and the PM shall sign it off after checking it against the SB.	PB, SB	PS
2.6.3.6	The PS shall then make copies of this PB and distribute them to the GCBM, the AFM, the POF at the CCU, the PM, and the CEO.	PB	PS
2.6.3.7	The PS shall then use the effective charge out rates in the CORM to monitor Expense and Time for projects and use it for the FPR to the PM.	CORM, FPR	PS
2.6.3.8	The PS shall also obtain the ACTUAL Expense and Time information to the projects from the MPS prepared by the PRO and uses it for the FPR to the PM.	MPS	PS
2.6.3.9	At the end of every month (Project Monthly Cycle), the PM shall prepare a MPR to the CEO.	MPR	PM
2.6.3.10	Both the FPR and the MPR shall contain information about the variances between the Budgeted and the Actual Costs incurred on the project timeline and progress of the project against project schedule and the reasons for the variances.	FPR, MPR	PS, PM

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2.6.4	Closing Project Codes		
2.6.4.1	At the end of each project, the PM shall prepare and present the PLCR to the MC in the Monthly MC Meeting.	PLCR	PM
2.6.4.2	The PM shall also begin proceedings to close the Project Code (please refer 2.6.1 above).	PCM	PM
2.6.4.3	If the MC is satisfied and comfortable with the PLCR, the CEO of the Company shall sign off the PCM. The Project Code shall not be used after that unless approval from the CEO is obtained.	PCM, PLCR	CEO
2.6.5	Variation Orders		
2.6.5.1	In the case of VO, the PS must ensure that the additional or variation work is not covered under the scope of the Contract.		
2.6.5.2	The Customer shall sign off the VO documents before the PS, and assigns a staff or panel/appointed sub-contractor to perform the work.	VO	PS
2.6.5.3	Upon Completion of the work, the Customer shall sign off the VO again to indicate work completed satisfactorily.	VO	PS
2.6.5.4	The PS will then initiate Billings procedures (please refer to SOP 8 - Customer Billings).	Invoice, VO	PS

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2.6.6	Project / Budget Cost Overruns		
2.6.6.1	Projects with a variance of 10% and above as identified in the MPR shall be re-budgeted. The CEO shall initiate the review by identifying all projects with a variance of 10% and above, and assigning the PS to review the PB by taking into account the past and future extra cost needed, and the SB, and preparing a new PB.	PB, SB	CEO
2.6.6.2	The PS shall then re-budget and re-schedule the PB by following steps 2.6.3.4 to 2.6.3.9 above, and re-allocate the GC according to steps 2.6.2.3 to 2.6.2.5 above.	PB, GC	PS
2.6.6.3	The PM shall check and approve both the PB and the GC.	PB, GC	PM
2.7.0	APPENDICES		

Edaran Digital Systems Berhad Company :	Department _____	Quotation/Contract Reference _____	Date _____
Customer Name & Address	Customer No. □□□□□□□□	Customer PO No. _____	Date of PO _____
	Delivery Address	Job/Order No. □□□□□□□□	Sales/Project/Job/Order Type <input type="checkbox"/> Engineering <input type="checkbox"/> Product/Equipment Supply <input type="checkbox"/> Project <input type="checkbox"/> Variation Order (VO) <input type="checkbox"/> Maintenance/Service <input type="checkbox"/> Back To Back Arrangement <input type="checkbox"/> Computer Hardware/Software <input type="checkbox"/> Telecommunication <input type="checkbox"/> Others (please specify)
Mode of Delivery <input type="checkbox"/> Local Delivery <input type="checkbox"/> Air <input type="checkbox"/> Sea <input type="checkbox"/> Others	Term of Payment (please specify) _____		
Person In charge : _____ <div style="display: flex; justify-content: space-between;"> Name Designation Date </div> Details of the Sales/Project : _____ <u>Eligibility of Commission</u> Sales Commission : Name _____ Overriding Commission : Name _____ <input type="checkbox"/> Pre-determined Vendor/Partner (Y - Yes N - No)			
Project Time Line			
Duration :	Start Date :	Completion Date :	Warranty Period :
<u>GROSS MARGIN ESTIMATE:</u>			
Contract/Sales Amount	RM _____		
Less : Discount (if any)	RM _____		
Total Costs *	RM _____	- As per Cost Estimation below	
Margin	RM _____	- _____ % of Net Order Value/Contract Amount	
COST ESTIMATE			
Major Items (Describe)	Cost of Purchase Foreign Currency	Currency Rate	Total Costs RM
1) Equipment/Hardware/Software Costs	_____	_____	_____
2) Sub-Contract Costs	_____	_____	_____
3) Maintenance/Engineering Costs	_____	_____	_____
4) Cabling Works etc.	_____	_____	_____
5) Freight / Transportation & Insurance	_____	_____	_____
6) Finance Charges / LC / TR	_____	_____	_____
7) Marketing & Entertainment Costs Directly identified to the Sales	_____	_____	_____
8) Contingencies / Others e.g. LAD	_____	_____	_____
9) External Commission/ Introducer Fee	_____	_____	_____
10) As per List Attached	_____	_____	_____
TOTAL COSTS *	=====	=====	=====
Approval : As per the SOP 28 - Sales & Marketing / SOP 27 - LOA		Comments/Remarks :	
Name : _____		_____	
Designation : _____		_____	
Department : _____		_____	

SOP2 Project Monitoring and Costing Process Flow

