



**PROBLEMS AND COUNTERMEASURES OF COST BUDGET MANAGEMENT  
OF CONSTRUCTION PROJECT**

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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT  
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**PROBLEMS AND COUNTERMEASURES OF COST BUDGET MANAGEMENT  
OF CONSTRUCTION PROJECT**

**Thematic Certificate**

**To**

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## Abstract

Title: Problem and Countermeasures of Cost Budget Management of Construction Project

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Project costs are predictable future cost that not only improves the financial management level of the project, but also effectively controls the cost of values, which is an essential part of project implementation.

There are many problems in the project cost management of the DAQING CHUANGYECHENG. Effective cost control, direct labor, direct materials and manufacturing costs are needed to calculate, adjust to truly improve the level of cost budget management access to higher economic efficiency. This project used mix research method with the following process: 1) Collect financial data of cost budget; 2) Find out the problem of cost budget management of DAQING CHUANGYECHENG residential; 3) It can be seen that according to the specific analysis of the problem. This study budget management organization was not perfect, cost budget management method was not scientific, cost budget supervision was strict and other issues.

This study offered some suggestions to solve the problems with some concrete countermeasures, such as: Don't give all power to the cost budget management center. The board of directors should participate in cost budget management, improving the organization system; Adopt flexible budgeting method and cost refinement operations; Trinity operating mechanism, establishing and perfecting the examination system. The whole method could solve the project cost budget management problem of residential building project and it can help more enterprises to save the cost of engineering projects.

**Keywords:** Cost Budget, Engineering Cost, Organizational structure

## 摘要

题目：建设项目成本预算管理存在的问题以及对策

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工程成本预算是作为一种可预测的未来成本，不仅能够提高工程的财务管理水平，而且能够有效控制成本费用，是一个工程项目实施中非常重要的一个环节。

本文在梳理工程成本预算管理相关理论的同时，发现大庆创业城工程项目的成本预算管理还存在很多问题。需要有效的成本控制、直接人工、直接材料以及制造成本的计算、调整和监督，才能真正提高成本预算管理水平，获得更高的经济效益。本项目采用混合研究方法，具体步骤如下：1) 收集成本预算的财务数据；2) 找出大庆创业城住宅成本预算管理的问题；3) 根据工程项目的具体问题进行具体分析。发现该项目成本预算组织机构不健全，成本预算管理方法不科学，成本预算监管不严格等问题。

本文针对具体项目的具体问题提出了一些建议如下：组织机构不但要权力下放到成本预算管理中心，董事会也应参与其中，才能进一步完善组织机构；采用变动成本预算法进行成本细化操作；建立健全权、责、利三位一体的运行机制；建立和完善考核制度。这不但可以解决该住宅楼项目的工程成本预算管理问题，也可以为更多项目的工程成本预算管理制度的完善提供参考。

**关键词：**成本预算 工程成本 预算管理

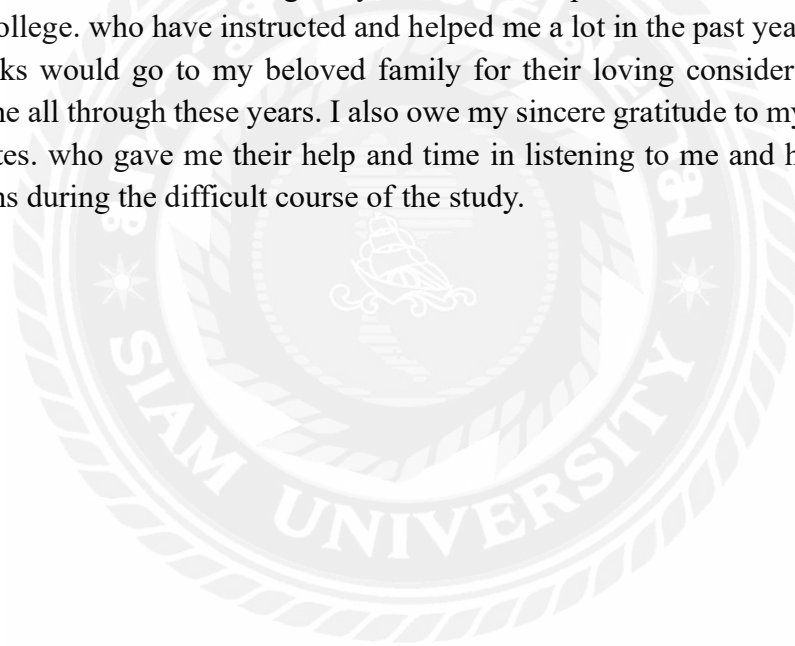
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# CHAPTER 1 INTRODUCTION

## 1.1 Background

Like other economic industries, China's construction industry has developed rapidly in recent years, and project management has shown the trend of international informatization. China's gross output value of construction industry is increasing, and the proportion of the construction industry in the national economy has increased.

The whole industry has always been in a state of rapid expansion and some leading enterprises with output value of more than 10 billion RMB have emerged. But since the COVID-19 in 2020, the owner's requirements and expectations for the level of the project have been raised more and more. Reduce the cost, improve the quality the competitiveness of enterprises, the profit margin of the project depends on the technology of the project Technical level. On the other hand, it depends on its management level.

In addition to controlling the quality of construction, cost budget management should be emphasized during construction. During the management of the overall cost of the construction project, the construction budget is an important part. It will produce the ecological, social and economic benefits of the construction unit. It can be seen that construction budget plays an important role in cost management during construction. Based on this, this paper analyzes the role of construction budget in cost management on the basis of expounding the significance of construction budget in construction engineering.

Improving the level of cost budget management is particularly important for the economic benefits of engineering projects. The non-standard financial behavior of engineering projects is the main contradiction in cost budget management of engineering projects in China at present. Raising the level of project cost budget can the construction industry develop steadily and sustainably.

## 1.2 Research Problems

There are many problems in most construction enterprises in our country. Too much attention is paid to shortening the construction period. It is considered that the time limit is money, and the project cost budget is lack of standardization and rationality. To see the harm caused by this practical problem to enterprises, we should really start from the root and become a realistic problem to be realized. On the one hand, cost budget management can control the cost budget of each stage of construction project, on the other hand, strengthen and perfect the theoretical system of cost budget, and perfect the operation mechanism of trinity of power, responsibility and benefit. Paying attention to the scientific cost budget management combined with practice and theory has a great influence on the construction progress, quality, safety and



profit of the project, and is a step for enterprises to stop in the construction market.

This article carries on the concrete cost budget research to the DAQING CHUANGYECHENG residential building project, mobilizes all the staff to calculate carefully, completes the fund control, promotes the enterprise manpower, the material resources, the financial resources reasonable utilization, obtains the higher economic benefit.

1. Why does the cost budget often deviate from reality?
2. Are existing cost budgeting methods applicable to all engineering projects?
3. What makes the cost of the project difficult to control?

### **1.3 Objective of the study**

In fact, the most fundamental purpose of the cost budget in the construction project is control the cost. Because the Project mobility is very large, construction production time is very long, periodicity and independence. In addition, the accuracy of cost budget plays an important role in the capital flow of the project and even the production and operation of an enterprise.

Project cost budget management is usually in a project budget period, direct labor, direct materials, manufacturing costs preparation, calculation and supervision, timely detection of cost budget deviation, identify the reasons for cost savings and cost overruns, control it within the planned cost range, this is a comprehensive measure of the cost budget capacity of construction enterprises, cost budget management, not only in each project to make a huge profit, but also to the future development prospects of enterprises have a profound impact.

This paper takes residential building project as an example, mainly from two aspects: The first is analyze and study the current situation of the project cost budget management. The second, to find out the problems in the project cost budget management system, summarize the shortcomings, formulate countermeasures and put forward reasonable suggestions.

### **1.4 Scope of the study**

During the actual construction period, the project budget can be done well, the cost scheme can be optimized, and the budget work can provide a true and reliable reference basis for the enterprise. During the implementation of the budget work, the relevant personnel can produce different results by using different schemes and construction methods. The budget personnel must carry out a comprehensive analysis and then select a set of reasonable construction plans. Effective construction schemes can help enterprises get higher profits. The general content of project cost budget management is the direct labor, direct material, manufacturing cost during a project budget period, and also includes the cost budget and supervision, to find out the difference between the actual cost and the cost budget in time, to find out the cause of the cost overrun, and to control the cost to an acceptable extent, which is a comprehensive measure of the cost budget ability of the construction enterprise. Cost budget management not only enables enterprises to make huge profits in each project, but also has a

profound impact on the future development prospects of enterprises.

## **1.5 Research Significance**

With the continuous development of economic globalization and regional integration, China's market economy system is gradually improving, the competition between the construction industry is becoming more and more fierce, and the position of project cost budget is becoming higher and higher. Cost budget management level can not only effectively control costs, increase profits, improve efficiency of engineering projects, but also enhance the overall economic strength of construction enterprises, so that enterprises in the fierce market competition occupies a favorable position.

However, most construction enterprises in China have many problems, such as shortening the construction period. Enterprises think that the project can obtain higher economic profits by shortening the construction period. Most construction enterprises in China lack the standardization and rationality of project cost budget and reasonable cost budget management system. To see the harm caused by this practical problem to the enterprise, the construction enterprise must start from the root, how to make the cost budget is the big problem that really needs to be solved. On the other hand, enterprises can strengthen and perfect the theoretical system of cost budget and develop the trinity operation mechanism of power, responsibility and benefit. Finally, the whole industry pays attention to scientific cost budget management combined with practice and theory.

## **1.6 Hypotheses**

Since 2011-2021, China's construction industry has grown at a rapid pace, but there are still many problems during the actual development, many construction units are difficult to meet the actual expansion of the construction industry from the technical aspects, and the management concept is relatively backward.

The timeliness of budget work is difficult to guarantee. If the budget result is not reasonable, it will have a direct impact on the actual construction benefit of the whole project. In view of the above problems, the construction unit must continuously optimize and improve the existing budget management, and strengthen the effectiveness of the construction budget by means of information management. In order to ensure the smooth development of the project, and to create corresponding economic benefits for construction enterprises.

Finally, it is necessary to choose the relevant methods of budget management according to the actual situation of specific projects. Therefore, during the period of bidding budget, the construction enterprise must make the corresponding management system reasonably and strictly implement the system according to the actual situation at the present stage. Only in this way will it be possible to ensure that the entire project works in accordance with the budget. During the bidding period, the construction unit should strictly control the cost of all

management links and control the cost within a reasonable range. For travel and hospitality, must be strictly supervised. In addition, during the bidding period, the enterprise also needs to reasonably set up the resources to ensure the accuracy of the bidding scheme, so as to avoid the problem of blind bidding.

During the period of technical management, the managers must go to the construction site to carry out field visits and strictly examine the rationality of the technology, so as to reduce some summer miscellaneous procedures and links during the actual construction period and ensure that the project can be completed on time. And reduce construction costs.

Hypothesis1: Whether the organizational design of a project is reasonable seriously affects the implementation of the project.

Hypothesis2: There is a relationship between the preparation of cost budget management method and enterprise profit.

Hypothesis3: The importance of establishing a sound scientific cost budget management assessment system.



## **CHAPTER 2 LITERATURE REVIEW**

### **2.1 Historical Background of Cost Budget Management**

A series of scientific management behaviors, such as cost accounting, cost analysis, cost decision making and cost control, etc. Cost management generally includes cost prediction, cost decision, cost planning, cost accounting, cost control, cost analysis, cost assessment and other functions. In commodity economy and society, the function of value law urges people to seek better quality and more quantity of labor results with the least labor cost. The motivation of this value law and benefit mechanism is the theoretical basis of cost control.

Cost budget is an expected cost, is an integral part of the overall budget, is the future cost of the enterprise according to the special business of the budget period. Because of the particularity of project cost budget management, it is very different from the cost budget management of general production and operation category. The project cost budget management includes not only the direct material budget, the direct labor budget but also the manufacturing cost budget. It mainly aims at the calculation, control, management and supervision of the labor cost, material cost, machinery usage fee, other direct cost, indirect cost and so on.

Cost budget management first appeared in the UK. Britain used it to control government spending and limit the amount of taxes. Later, with the development of capitalist economy, some western enterprises applied cost budget management to enterprise management. Enterprises should establish good organization to meet the needs of developers and the job satisfaction of project workers.

### **2.2 Development of Cost Budget Management**

With the rise of the first industrial technological revolution, socialized mass production has become an inevitable trend in the development of human society. Reviewing the development of cost control, it is divided into three stages:

Stage I : From the beginning of the 20th century to the 1950s.

The meaning of this stage cost generally refers only to the manufacturing cost of the product, that is, the direct material cost of the product, the direct labor cost and the manufacturing cost that should be apportioned, while the other expenses are put into the management cost and the sales cost, all of which are regarded as the period cost. The cost control methods in this period mainly include standard cost system, budget control, variable cost method and value engineering.

In 1911, Taylor published *The Principles of Scientific Management*, which puts forward the theory of scientific management. The quota management, standardization principle and

piecework wage system advocated by him all embody the idea of improving efficiency and reducing cost, in which standardization principle not only brings about time saving and cost reduction, but also promotes the reform of cost accounting and cost accounting. affected by it, and then in accounting, "standard cost", "difference analysis" and "budget control" and other technical methods came into being. Standard cost method refers to a management method in which an enterprise formulates the target cost of a product according to a certain production quota or standard and implements cost control according to the target cost.

Western countries generally believe that cost control is effective in addition to setting standard costs, but also budgeting. In 1921, the United States Congress published the Budget and Accounting Act, which also had a great impact on the implementation of budget control for enterprises, enterprises competing to adopt budget control.

Banker (1995) By studying many production enterprises, it is considered that the fluctuation of cost is affected by the scale of production and the complexity of the product. The factors that influence the cost budget are: geographical location, climate and management control level. With the fierce competition in the market, some traditional cost budget management theories are no longer suitable for some enterprises, and western entrepreneurs and scholars begin to look for new cost budget management methods.

American accountant Jonathan E. Duchac(1936) put forward variable cost method, which advocates separating fixed cost from total cost, counting variable cost only into product cost when calculating product cost, fixed cost is regarded as period cost, All deductions are made from gains and losses at the end of the period.

Stage II: From the 1950s to the late 1960s.

At this stage, with the improvement of social productivity and the progress of science and technology, the market competition is becoming more and more fierce, the consumer's demand for product function and reliability is constantly improving, and the quality of products has gradually become the focus of attention. Therefore, total quality management has become the main goal of the company in a sense. The cost control methods in this period mainly include responsibility cost system.

In 1952, American accountant Hitchens advocated responsibility accounting, which decomposed the cost target into the responsibility cost of the responsible units at all levels, carried out the accounting of the responsibility cost, and evaluated and evaluated the relevant responsible departments or individuals. To mobilize the enthusiasm of cost management departments at all levels to control.

After the 1950s, with the improvement of social productivity and the progress of science and technology, the market competition is becoming increasingly fierce, and the quality of products has gradually become the focus of attention. Therefore, total quality management has become the main goal of the company in a sense.

The price and target profit of the product are determined according to the price acceptable to the customer, and then the target cost is determined, that is, the product is controlled in advance, and the whole process is controlled by the target cost. In this way, the content of cost management is extended to the technical field, from the economic point of view, the combination of technology and economy, so reduce the cost.

Stage III: Since the 1970s

At this stage, people are no longer concerned with the cost of products, but the work that

leads to the cost. In order to achieve its business objectives, enterprises must analyze the operation chain from the perspective of whole and strategy. In addition, enterprises also began to pay attention to the management of the whole process of control and new product development. The cost control methods in this period mainly include product life cycle cost method, activity-based costing method and strategic cost control.

The activity-based costing (ABC) emphasizes the product cost driver, and the cost of any product must not be understood only as the manufacturing cost, but as the full cost of the product life cycle.

## **2.3 Main Contents of Project Cost Budget Management**

Zhang (2019) By studying many production enterprises, it is considered that the Budget cost analysis The budget cost analysis of construction is mainly carried out from four aspects: contract budget, construction budget, planning cost and actual cost comparison.

Contract budget is the winning budget, is the project income credentials. In the contract budget, companies should grasp the details of the contract budget in all directions, prevent the loopholes in the contract budget, and the parties to the contract should carry out strict contract signing procedures.

The construction budget is the unit project compiled by the construction unit according to the construction drawings, the prescribed construction quota, the construction and acceptance code, the standardized atlas and the construction organization design. The construction budget basically involves the accounting of the number of artificial equipment, materials and construction machinery classes. The construction budget is compiled by the company according to the fixed amount of construction. Enterprise quotas often determine the limits of project control. In actual construction, the project must ensure that the cost of construction is within a certain limit and should be controlled within the budget. Different construction budgets will have different effects, which should be analyzed according to the actual situation. For example, when estimating the cost of the contract plan quickly, we should grasp the key of the construction plan and make the estimate accurate, fast and effective.

Planned costs. The budget of the planned cost is basically a kind of budget formed after the summary of the guiding plans in the construction process. It is a kind of control index to the actual cost of the construction project before and during construction. Compare.

Actual cost. The actual cost is the summary of all consumption in the construction process. In the process of the actual cost, we should adhere to the principle of real-time comparison, compare the planned cost with the detailed cost, and make a detailed and accurate record of the actual cost.

## **2.4 Affecting Cost Budget Management**

Organizational design is so important for a project, it plays the role of paving the way, whether the organizational design of an engineering project is reasonable or not, seriously

affects the concrete implementation of the project, the organization scheme is different, and the cost budget is different.

Scientific and reasonable organization design scheme can effectively control the cost, can make the cost work flow smoothly, the project organization is well connected up and down, improve the cost budget efficiency, and improve the economic benefit of the project.

At the beginning of the 20th century, western scholars put forward the cost-budget methods such as comprehensive budgeting.

Flyvbjerg&Mansfield(2014) believe that because the construction of the project has one-off characteristics, which makes each project face unique environmental characteristics, the cost budget of the project is affected by the complex natural environment and the market environment .

Azzouz(2012) found that there is a certain relationship between the cost management method and the performance of the enterprise management method to improve organizational performance and increase profit space for enterprises.

And in Asian countries, there are many practical cases of cost budget management, and Serge Pressoir,Peng(1988) book notes that Japanese cost budget experts think that the beginning of a construction project means that the project cost budget and project feasibility of the construction project should be demonstrated. If we want to make the overall design of the project construction and carry out the cost budget, we should plan and demonstrate of the cost.

Hao(2013) advocates strict and comprehensive monitoring of project cost budget management by determining efficient project cost budget management principle.

Lu(2017) thinks that there are many factors that affect the management of project cost budget, the most important of which is the lack of comprehensive management consciousness in the preparation of cost budget.

## **2.5 Current Situation of Cost Budget Management in China**

Before the founding of New China, the standard cost of the United States had been introduced. In the early days of new China, the cost method of the Soviet Union was also introduced as it was. From the ideological point of view, the main purpose of the quota cost method was to reduce the cost, emphasize saving, and take the cost rise and fall as the important basis for evaluating the performance.

The domestic research on cost control is mainly manifested in some representative works and research literature. From the point of view of the research content, it includes not only the discussion of some basic theories. It also includes the introduction of western cost control methods and the new viewpoint of cost control theory in recent years.

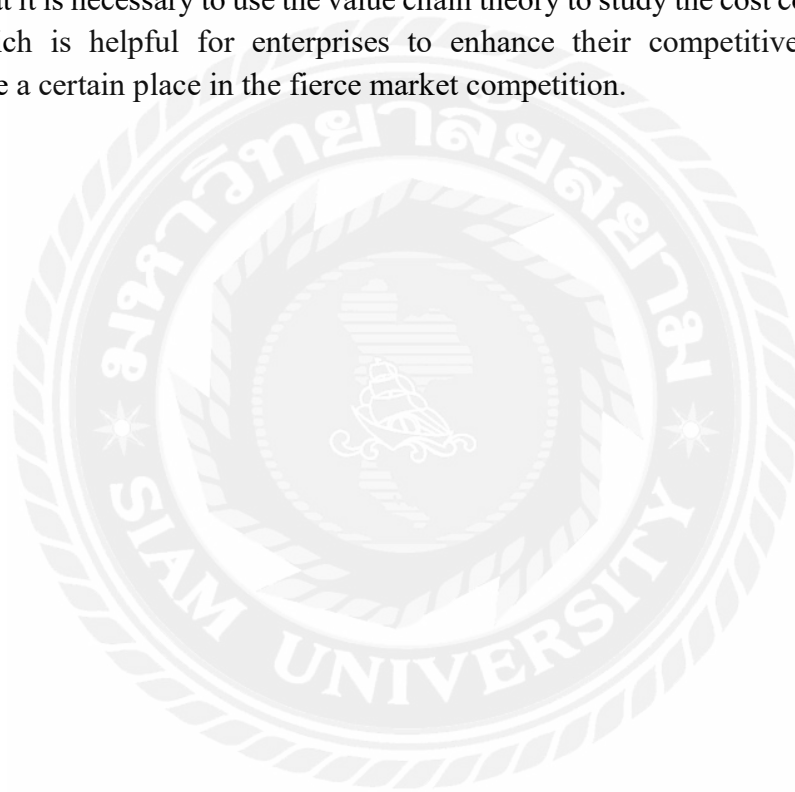
Yu&Yuan (2014) put forward a new on budget management system in Framework Research on Budget Management system of Group Company.

Wang&Yin&Wang&Wu(2014) combined with western research results, in order to improve the engineering projects in China, some new cost budget management methods are put forward, which greatly improve the of engineering efficiency.

Yin (2017) has summed up the responsibility cost budget management. He analyzes the

cost budget management organization, mainly including the top management level of the enterprise, the project department and the engineering department. He also requires departments and departments to have clear processes and clear division of labor, so the responsibility cost budget management system should be.

Looking at the current situation of cost control research in China, from the published literature and materials, most of the research on cost control in China's theoretical circles is in the theoretical research stage. Most of the research contents are the introduction of cost control methods and the application analysis of advanced management methods. Activity-based costing, target costing, strategic cost management, value chain analysis, etc. Most of the research on the scope of cost control focuses on the traditional meaning of the product in advance, in the event and after the extension of the scope of cost control, and the value chain theory provides an analytical tool for the extension of the scope of cost control. Therefore, this paper thinks that it is necessary to use the value chain theory to study the cost control of product life cycle, which is helpful for enterprises to enhance their competitiveness and make enterprises have a certain place in the fierce market competition.





## **CHAPTER 3 RESEARCH METHODOLOGY**

### **3.1 Mixed research method**

Mixed Methods Research (MMR) is the third research paradigm that combines quantitative research with qualitative research. This method can help researchers to solve some problems that cannot be fully, reasonably and comprehensively explained by using qualitative or quantitative alone.

In recent years, the combination of quantitative and qualitative research methods has been widely used in social sciences, but few studies have noticed its methodological implications and scientifically selected research strategies. In fact, there are still disputes in the academic circles about the combination of quantitative and qualitative methods, and the meanings of ontology and epistemology behind different methods of combination are also different, and their meanings and effects on research conclusions are also different. This article takes the DAQING CHUANGYECHENG project as an example, and elaborates the reason, purpose, methodology, specific research strategy and application of the mixed research method used in this research. The article uses quantitative and qualitative research findings to illustrate how mixed research methods enrich and deepen research conclusions. The research method used in this paper is mixed research method, which combines a qualitative analysis method with a quantitative analysis method. This article through the domestic and foreign related literature reading, summarizes each representative viewpoint, understands the cost budget management present situation, the flow and the existence question.

This paper uses the case study method, combined with the actual situation of the project, to study the specific situation of the project cost budget management, find out the deficiencies, and put forward the optimization scheme. Investigate the managers in the enterprise, especially the financial managers, and understand the project cost budget management system. Based on the knowledge of construction engineering and the theory of project cost budget management, a comprehensive study is carried out on the whole project. Collect all kinds of information about the cost budget of the company, make a certain classification and summary of the data, analyze the data in the data, and put forward feasible suggestions.

### **3.2 Quantitative research method**

Qualitative research refers to the process of collecting data through field observation, experience or interview under the condition of natural environment, analyzing and deeply studying social phenomena, and summarizing rational concepts and explaining things reasonably.

Based on the data of Cost Accounting, Budget Accounting, Construction Project Cost

Management, Comprehensive Case of Construction Enterprise Accounting, Optimal Management of Construction Project Cost Control DAQING CHUANGYCHENG cost Management, this paper makes a theoretical study on the cost budget of this project.

### 3.2.1 Specific elements of the cost budget

The budget of direct material refers to the quantity of material purchase budget and the amount of material purchase budget in a project budget period. The direct material budget can prepare the material purchase plan according to the expected time limit, the material consumption quota, the planned initial inventory material quantity and the final inventory material quantity. The formula for calculating the purchase cost is as follows:

$$C=(R+F-B)P$$

C: Cost of material R: production output F: Final inventory B: Inventory at the beginning of the period P: Unit price of materials

The inventory of engineering materials is very important, and the calculation of the best purchase batch can not only understand the inventory cost, but also effectively reduce the purchase quantity, thus saving the material purchase cost.

The direct labor budget mainly includes the standard wage rate of construction personnel, direct labor hours, other direct cost calculation standards and production budget, and the labor hours and labor costs consumed during the project budget period. Unit product labor hours and hourly labor cost data from standard cost data. The total labor hours and total labor costs are calculated in the direct labor budget.

Cost budget in addition to direct labor budget and direct material budget and procurement budget, is manufacturing costs. The manufacturing cost can be classified into variable manufacturing cost, fixed manufacturing cost and mixed manufacturing cost. The fixed manufacturing cost can be revised according to the historical cost data before the budget of the project budget period, and the mixed cost budget items in the manufacturing cost should be classified into two parts: variable cost and fixed cost. Then included in the manufacturing cost budget changes and fixed costs. Hybrid manufacturing costs can be used by the formula:

$$Y=A+BX$$

Y: Mixed manufacturing costs A: Fixed manufacturing costs B: Changes in production

### 3.2.2 Specific methods of cost budget management

It is also called static budget method, which refers to the cost budget method based on a fixed level of engineering business volume. The static budget method does not take into account the following situations: first, if the impact of changes is relatively small negligible. If the project has been employing the same construction team for a long time, the salary of the personnel and all kinds of related subsidies have not changed much from the previous project, and the change of the number of personnel is also relatively small.

Second, it is difficult to estimate the impact of regardless. For example: the price of

incoming materials and the difference between the budget amount of machinery lease and the market price; the loss fee required for the safety accident of the project and so on, the budget can only be compiled according to the normal situation. Finally, before the start of the budget year, the fixed budget method can also be used for some business that never changes. If the relevant regulations already stipulated in the project contract are involved.

The flexible budget method, also called the variable budget method, can be divided into formula method and list method. It is relative to the fixed budget method. It refers to the preparation method of cost budget which can adapt to various situations on the basis of variable cost method and based on business level, cost and profit. Because of the flexibility of the flexible budget method, the variable cost increases or decreases with the change of business volume, the fixed cost remains unchanged in the corresponding business volume range, and when the flexible budget method compiles the cost budget, The biggest feature is that all costs are divided into variable costs and fixed costs, which are controlled by volume of business, and fixed costs are controlled by total amount.

The formula method mainly uses the cost behavior model to budget the cost amount, and the formula of the quantitative relationship between the cost and the volume of business is as follows:

$$y=a+bx$$

The y represents the total cost budget, the a represents the fixed cost, the b represents the total cost change during the cost budget period, and the x represents the expected volume of business (the engineering cost volume mainly includes: planned workload and actual completed workload).

The list method is mainly to divide a certain amount of business into several different levels within the range of expected business volume. According to different business volume, the budget is compiled and remitted into the total budget table, and the cost similar to the business volume can be found without calculation. The flexible budget method has many advantages. First of all, the flexible budget method changes with the change of business volume, and the flexible budget method can deal with the budget produced by various emergencies. In order to make the cost budget more accurate and correct.

Zero base budget method, incremental budget publication is its predecessor, specifically refers to the project without considering the amount of expenses incurred by the project, zero as the basis of the budget, everything from the specific reality, Study whether the project needs to be spent and how much to spend.

A unique advantage of zero budget is that it can save unnecessary expenses, effectively control costs, allocate funds reasonably, enhance the transparency of cost budget and improve the level of cost budget management.

However, due to the characteristics of zero-based budget method starting from zero, the cost budget workload of the project is large and the budget consumption is large, which will deepen the contradiction between the management of the organization, pay too much attention to small details, and do not look at the whole. Not suitable for the development of large projects.

The rolling budget method, also known as the continuous budget method, separates the budget period from the accounting period according to the annual monthly budget preparation, and continuously supplements the preparation of another period with the passing of one project budget period. Roll back and adjust the cost budget process for each budget period.

The integrity and continuity of the rolling budget method can overcome the blindness, invariance and discontinuity of the traditional periodic budget to some extent. It is widely used in large-scale engineering projects.

The rolling budget can adjust the cost budget continuously according to the passage of time, make overall planning in 12 budget periods and roll the budget on a quarterly basis. But in the quarterly budget should also be prepared by month, so as to ensure that the project cost budget orderly.

### 3.2.3 Construction schedule on project cost budget management

The project schedule is an important factor affecting the cost budget management, and the duration of the project determines the cost. In the absence of special circumstances, the cost changes with the length of the duration.

There is a certain cost relationship between the total cost, direct cost and indirect cost, and the cost and duration curve are compiled (figure1-1).

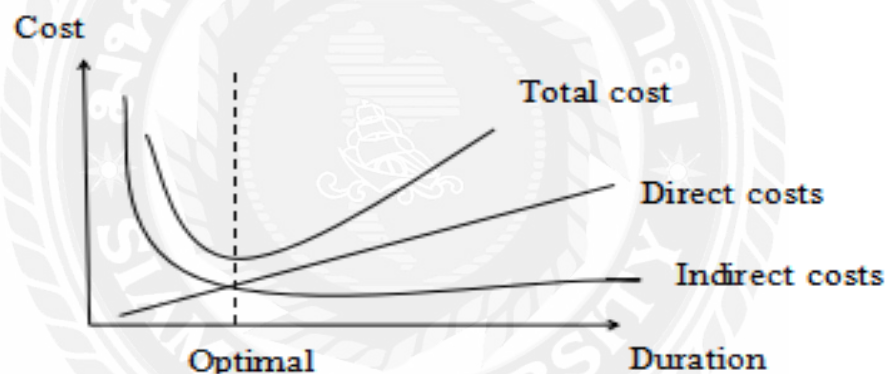


Figure 1-1 Curve relationship between cost and duration

Data Source: <https://wenku.baidu.com/view/4fbc846f55270722182ef737.html>

Figure 1-1 fully illustrates that, rather than simply shortening or extending the duration of the project will reduce costs, it is necessary to find the intersection between total costs, direct costs and indirect costs, that is, the optimal duration point, not only to strictly manage the project, but also from the technical, management and other aspects of measures. And the cost budget management can obtain higher economic benefits under the premise of ensuring the quality of the project, shorten the project duration as far as possible, so as to achieve the ideal level of cost budget.

### 3.3 Quantitative analysis process

The research method used in this paper is mixed research method, which combines qualitative analysis method with quantitative analysis method. This paper summarizes the

organizational structure and cost budget method of company. Combining data analysis with field research such as: through reading literature; collecting data and investigating and investigating at home and abroad, Based on the status of the project, process and existing problems of cost budget management.

### 3.3.1 Investigation of organizational processes

The construction area of SANXING is 67181.2 m<sup>2</sup>; the structure form is coagulant structure: the bidding scope is within the scope of the construction drawings and the contents of the bill of quantities; the supervision is all the supervision contents within the construction scope of the project; the construction section is mainly divided into three, An area 25376.2 m<sup>2</sup>,B area 21583.78 m<sup>2</sup>,C area 21583.78 m<sup>2</sup> Through interviews and investigation, the general organizational structure of the project is shown in figure 1-2:

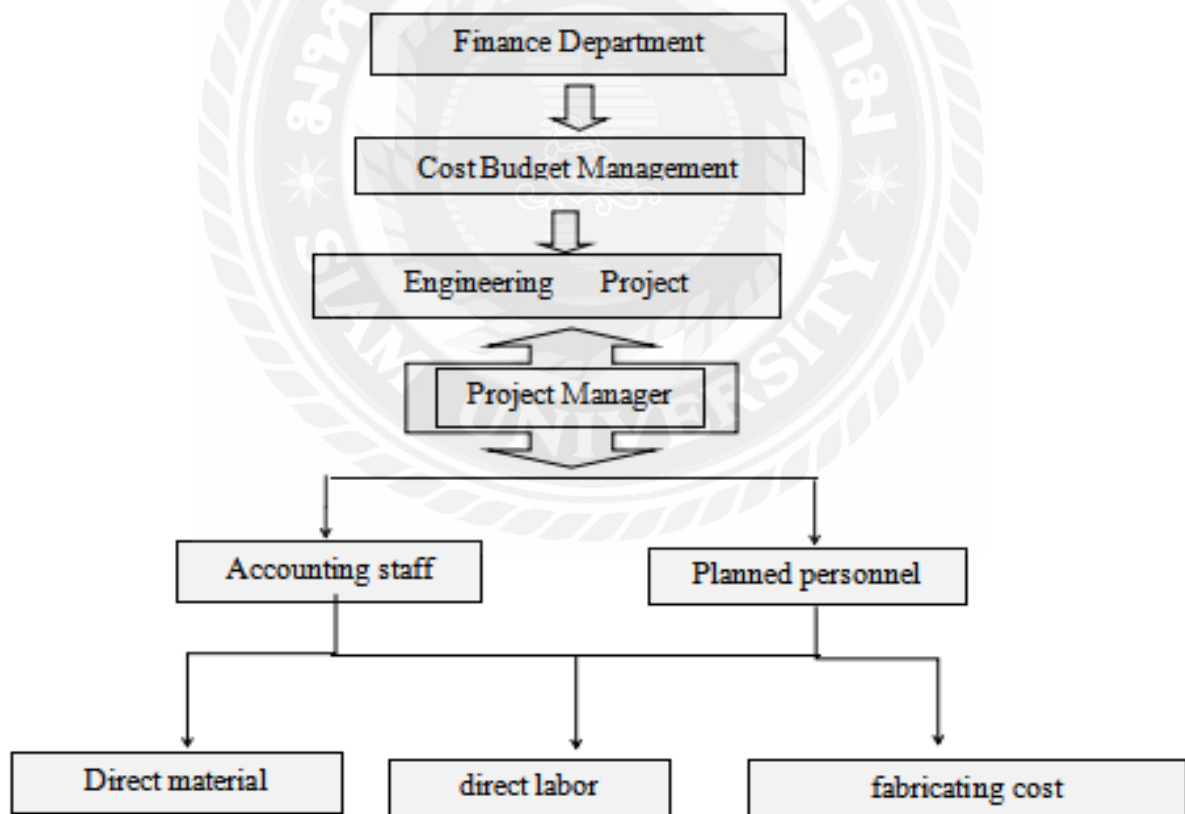


Figure 1-2 Daqing Venture City Project Organization

Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

First of all, the cost budget management center is responsible for the cost budget of the residential building project in DAQING CHUANGYECHENG, and consults the engineering technicians and project managers to carry out feasibility analysis, compile and report the relevant cost budget management data sheet. The finance department carries on the revision and the communication, formulates the cost budget management concrete method, makes the detailed stipulation to the cost budget procedure, if has the exception, first by the finance department carries on the overall control and the total adjustment, finally carries on the examination and approval; Develop annual cost budget management evaluation criteria. Then, the project manager of the construction project department organizes the accounting personnel and the project planner to carry on the concrete implementation, the concrete content of the cost budget can be divided into: direct material, direct labor, manufacturing cost.

The first stage of the project cost budget management process is the stage of issuing the cost budget index. The procedure of this stage is as follows: the cost budget management center aims at the development strategy of the residential building project in DAQING CHUANGYECHENG.

The second stage is the audit, summary and optimization of the cost budget. The procedure in this stage is as follows: after receiving the cost budget target issued by the cost budget management center, the project department uses the appropriate cost budget method to prepare the cost budget draft according to the characteristics of the DAQING CHUANGYECHENG residential building project, and then reports it to the finance department and the budget management center.

The finance department summarizes the cost budget draft of the project department, optimizes and adjusts the insufficient place, and finally reports to the budget management center. The cost budget management center carries on the final audit according to the cost budget draft adjusted by the finance department, After the audit, the specific cost budget amount is issued to the finance department, and the finance department decomposes the cost budget amount to the project department.

The third stage of the cost budget management process is the summary approval stage of the cost budget, which has many specific procedures. The first step is to readjust the cost budget table based on the cost budget amount of the second stage, and prepare the revised cost budget table to the Finance Department. The second step is to report the summary and adjusted cost budget to the cost budget management center, Issue the final cost budget after approval, and finally send the cost budget to the project department for execution.

### **3.3.2 Cost budget management preparation survey**

Because the residential building project of Daqing Venture City belongs to the project, it is very different from the cost budget management of the general production and operation category. The cost budget content involved has certain particularity.

The cost of residential building project is divided into direct cost and indirect cost, the project cost budget is focused on direct material, direct labor and manufacturing cost.

Direct cost categories	Specific content
Labour costs	Expenses incurred by production workers directly engaged in construction and installation works
Material cost	Cost of raw materials ; Auxiliary materials ; Parts and semi-finished products that constitute engineering entities during construction
Use of machinery	Use of machinery ; Installation ; Off-site freight for construction machinery operations
Other direct costs	Cost of non-engineering entity projects occurring before and during the construction of the project to complete the construction
Subcontracting costs	Payment to sub-contractor based on sub-contract ; Audited progress report

Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

Table 1-1 Indirect Cost Specific Contents of Project Cost Budget

Types of indirect costs	Specific content
Management salaries	Accounting for salaries and bonuses of project managers
Employee benefits	Employee benefits from total project manager salaries
Use of machinery	Accounting for depreciation, overhaul, maintenance or rental of buildings, equipment and instruments belonging to fixed assets used by management and testing departments and affiliated production units.
Low value consumable goods amortization	The purchase, maintenance amortization of production tools Appliances means of transport inspection, testing, surveying and mapping, fire appliances other low-consumption items used in the management are not fixed assets.
Travel cost	Travel expenses, accommodation expenses local transportation expenses meal delays family visit expenses labor recruitment expenses one-time travel expenses for workers to retire or retire medical expenses for work-related injuries

Table 1-2 Indirect Cost Specific Contents of Project Cost Budget

Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

By collecting the relevant data and querying the relevant information through the field investigation of the residential building project of DAQING CHUANGYECHENG, the cost budget table for 2014 (Table 1-2), the actual completion table of the cost in 2014, the situation table of main machinery and equipment and the participation table of cost budget managers are collected.



		First quarter	Second quarter	Third quarter	Fourth quarter	Total
I	Reinforcement	60.0	30.0	240.0	150.0	480.0
	Concrete	90.0	600.0	510.0	280.0	1480.0
	Sporadic materials	50.0	100.0	100.0	100.0	350.0
	Total direct material costs	200.0	730.0	850.0	530.0	2310.0
II	Total direct labour costs	46.0	57.0	77.0	42.0	222.0
III	Office expenses	1.0	1.0	1.0	1.0	4.0
	Utilities	10.0	10.0	10.0	10.0	40.0
	Transportation	10.0	10.0	10.0	10.0	40.0
	Staff salaries	20.0	20.0	20.0	20.0	80.0
	Total manufacturing costs	41.0	41.0	41.0	41.0	164.0
IV	Total	287.0	828.0	968.0	613.0	2696.0

Table 1-3 District Project 2014 Cost Budget Table Unit: 10, 000RMB

Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

As can be seen from Table 1-3: The cost budget items for direct materials only include the most important materials, including steel bars, concrete, and others such as cement, sand and gravel all come down to sporadic materials. In terms of volume, the budget is only rounded for convenience. From the overall point of view, only by the quarterly budget, not refined to the monthly, and according to the construction days to average distribution, extremely unreasonable.

		First quarter	Second quarter	Third quarter	Fourth quarter	Total
I	Direct material costs					
	Reinforcement	58.3	27.8	236.7	154.5	477.3
	Concrete	87.2	594.4	508.7	275.1	1465.4
	Sporadic materials	42.6	98.3	107.1	84.7	332.7
	Total direct material costs	188.1	720.5	852.5	514.3	2275.4
II	Total direct labour costs	41.8	51.2	72.6	33.9	199.5
III	Manufacturing costs					
	Office expenses	2.2	5.4	1.2	0.9	9.7
	Utilities	3.9	18.4	17.5	4.7	44.5
	Transportation	7.5	16.5	2.8	1.4	28.2
	Staff salaries	25.5	32.5	28.0	14	100.0
	Total manufacturing costs	39.1	72.8	49.5	21.0	182.4
IV	Total	269.0	844.5	974.6	569.2	2657.3

Table1-4: A District Project 2014 Cost Actual Completion Table Unit:10,000RMB

Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

A comparison of Table 1-3 and Table 1-4 shows that in the direct material cost budget, The annual cost budget for steel bars is 2.9% higher than the actual cost, Concrete is about 3.2% above the actual number, The cost of sporadic materials is 8.4 per cent higher than the actual cost. The total cost of direct materials is 1.5% higher than actual, The cost budget is significantly higher, Will cause the enterprise direct material occupation cost quantity to increase, does not meet the requirements of cost refinement budget. The total budget for direct labour is 225,000 RMB higher than the actual amount, But there's still a big gap between quarters, It has great influence on the fund management of the project. The cost of manufacturing is estimated to be 184,000 RMB lower than the actual cost.

That means, The budget of manufacturing cost of residential building project of DAQING CHUANGYECHENG basically adopts the way of annual average, There is no separate calculation of manufacturing costs into fixed and variable manufacturing costs, Not counting depreciation, which eventually led to the total cost of the budget amount of 387,000 RMB higher than the actual. Other findings, the service life of most machinery and equipment are more than 2 years, the service life of long spiral drilling rig is 6 years, and the working rate is

low; except for tower cranes, forklifts and static press leases, most of the mechanical equipment is acquired in a way that makes idle machinery and equipment too much.

### 3.3.3 Cost budget management oversight

Through the questionnaire survey of the finance department, the cost budget management center, the project construction department and the construction staff of the project, we get table all of them have 95 valid questionnaires, the finance department has 4 effective questionnaires, the cost budget management center has 3 effective questionnaires, the project engineering department has 2 effective questionnaires, and the construction staff has 86 effective questionnaire. Full details are given in Appendix.

Department	Finance Department	Cost Budget Management Centre	Project Engineering	Construction personnel
Knowledge of cost budget management	75%	66.7%	50%	10.5%
Cost budget management engagement	50%	66.7%	0%	9.3%

Table1-5: Percentage of staff participation

Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

The high level of understanding and participation of the cost budget management center in cost budget management, but the relatively low level of participation of other departments, especially project engineering and construction personnel, indicates that the cost budget management personnel of the project are not highly involved, the awareness of cost budget management is not strong, and there is no good atmosphere of cost saving in the project.

Although every month after the end of the budget, DAQING CHUANGYECHENG residential building project leaders and construction staff have the most basic assessment standards, and directly linked to rewards and punishments.

In fact, some of the material costs of the project exceed the budget, and some of the personnel are not fully involved in the division of labor and cooperation, which shows that the corresponding punishment mechanism is not really implemented, and there is no corresponding reward for the responsible persons of some budget saving parts as well as the workers, which leads to the low enthusiasm of the project and the lack of responsibility of the staff.

## CHAPTER 4 DATA ANALYSIS

### 4.1 Benefits of enterprise project cost budgeting

For engineering supervision enterprises, improving the project cost budget system has an important impact on improving the market competitiveness of enterprises. Only by effectively controlling the project cost budget can we increase the market share of the project supervision enterprises and enhance the risk resistance of the enterprises in the social and economic market. However, there are still many problems in the implementation of the actual project cost budget of the engineering supervision enterprises in our country, such as the great deviation of the managers' ideological understanding, the unreasonable budget calculation method the lack of scientific treatment, etc. These problems have greatly hindered the sustainable development of the engineering supervision enterprises.

The content of cost budgeting should include: direct material budget, direct labor and manufacturing cost (divided into variable manufacturing cost and fixed manufacturing cost) sub-budget and total cost budget. Complete the direct material budget, direct labor budget, manufacturing cost and total cost budget.

Part of the direct material budget table of the residential building project in A district shows that the project takes each individual project as the budget unit, and the accounting is clearer and clearer according to the A area, the B area and the C area. When preparing the direct material budget for the residential building project in the A district in January, the purchase quantity of this month is calculated first according to the monthly construction demand, the final inventory and the initial inventory of each project; secondly, the direct material cost required for the A district project is calculated according to the material purchase price of the normal project, and the higher direct material is refined on the basis of the cost budget table of the previous similar project, rather than the other material is classified as sporadic material except steel bar and concrete.

After summarizing the data and calculating the direct material costs for the three months of the first quarter, the budget for the remaining eleven months of the year should be prepared in the same way; finally, the budget of all construction projects should be summarized. The cost budget for direct materials needs to be carried out once a month. After the rolling budget method is introduced, the direct material budget is 14000 lowers than the original cost direct material budget, and the difference from the actual direct material budget is reduced to 13,000RMB.

Cost budget table is roughly similar to the direct material cost budget table. The main accounting object is the number of construction personnel and the total amount of construction, which is carried out once a month. The direct labor budget is 60,000 lowers than the original cost direct labor budget, and the difference from the actual direct labor budget is 165,000RMB.

Manufacturing cost is all engineering cost items except direct material and direct labor, so the budget of manufacturing cost is quite complicated. The manufacturing cost is divided into variable manufacturing cost and fixed manufacturing cost, and the depreciation cost is

refined. Finally, according to the flexible budget method, combined with the proportion of each manufacturing cost, the flexible budget method is adopted. Budget manufacturing costs.

Finally, direct materials, direct labor and manufacturing costs are assembled into the total cost budget table, which mainly includes direct materials, direct labor, fixed manufacturing costs, and variable manufacturing costs. From the total cost budget amount 257,000RMB less than the original cost budget, and the gap with the actual completion amount narrowed to 110,000RMB. Enough to show that a sound cost budget table can effectively reduce cost costs.

#### **4.1.1 Enhancing the efficiency of enterprise resource allocation**

The implementation of cost budget management for each project in engineering supervision enterprises is an effective management method for unified planning and allocation of the overall resources of the enterprise, which is not only helpful to achieve the overall strategic objectives of the enterprise, but also can plan the overall resources of the enterprise. The project cost budget management of the supervision enterprise has a large scope of coverage, which can integrate the project capital budget and the cost budget, and effectively allocate the resources of the project supervision enterprise

With a comprehensive improvement. In the project cost budget management of the project supervision enterprise, the use of network information technology to effectively supervise and allocate the use of enterprise resources can not only effectively control the future development of the enterprise, but also can effectively predict the future resource demand of the enterprise.

#### **4.1.2 Help enterprises to implement their stated strategic objectives**

The project cost budget management of the project supervision enterprise has an important influence on the business process and management link of the enterprise. It can effectively monitor the specific behavior of the enterprise in the management, and can feedback the problems to all departments of the enterprise, which is helpful to realize the project cost budget target.

The development goal of the project supervision enterprise needs the coordination of the various departments of the enterprise, and only through the project cost budget management, can the project management content be unified, the project management goal of the project supervision enterprise is consistent, and the enterprise benefit is maximized to help the enterprise realize the established strategic goal smoothly.

Effective management of project cost in engineering supervision enterprises can effectively connect various departments of enterprises with management links, and can accurately implement the overall cost of cost budget to all aspects of project construction. It plays an important role in strengthening the exchange and sharing of business information and can fundamentally improve the overall of engineering supervision enterprises. The project cost budget management of the project supervision enterprise is a management mode based on the

market forecast and analysis. It can decompose the capital cost step by step and implement it to each management link. The target of cost budget can be carried out effectively according to the future strategic goal and the enterprise management condition.

On this basis, all departments and employees of the enterprise can make clear the implementation goal of the enterprise project and project. At the same time, through the exchange and feedback of various departments of the enterprise, the enterprise can effectively supervise and control its own project budget objectives and the overall project budget cost, which is helpful for the enterprise to find out the problems in the implementation process.

## **4.2 Countermeasures for Cost Budget Management of Construction Project**

Most of the project cost budget management does not pay attention to engineering quality and safety, the main reason is the managers of the project lack the understanding of the quality of the project and the safety cost, the personnel participation is not enough, and the cost consciousness is not strong. Because of the complexity, long-term nature and fluidity of the project, it is very difficult to implement the quality and safety cost of the project affect the cost budget management implementation effect, It's serious The consequences. If we can find suitable methods and get enough attention and prevent and analyze them, and carry out the whole process control in the implementation of the project, we can avoid many unnecessary disputes and related legal costs, improve the reputation of the enterprise, reduce the overall cost of the project, and greatly increase the income of the enterprise.

### **4.2.1 Improving the organizational system for cost-budget management**

Although DAQING CHUANGYECHENG residential building project has set up a cost budget organization with the cost budget management center as the main body. In practice, however, these functional institutions do not really play their due role, mainly because of the lack of the highest management institutions and the lack of awareness of the budget management of employees, which affect the implementation effect of cost budget management and make part of the budget deviate from the actual more serious.

The biggest problem in the cost budget management of the project is that the board of directors does not participate in the cost budget management work, but devolves all the rights to the cost budget management center, which shows that the organization of the cost budget management of residential buildings in DAQING CHUANGYECHENG is not perfect, and there is no guarantee of the highest authority organization in the implementation of the cost budget management work. For example, the cost budget for some sporadic materials is about 8.4 %cent higher than the actual number, and the cost budget for steel bars is about 2.9 % higher than the actual number, which directly or indirectly results in the overall cost budget being 387,000m higher than the actual total number. This is enough to show that the unreasonable organization of cost budget directly affects the implementation effect of cost budget management, which makes part of the budget deviate seriously from the actual situation.

#### 4.2.2 Budget methodology combining rolling budget with fixed budget

Cost budgeting include: Direct material budget, Direct labor and Manufacturing costs (divided into variable manufacturing costs and fixed manufacturing costs) sub-budget and total cost budget. Prepare and improve direct material budget table (Table 1-5), Direct labor budget table manufacturing cost table and the total cost budget based on direct materials, Direct labor and Manufacturing costs (Table 1-6).

Name of material	Total	First quarter			Second quarter	Third quarter	Fourth quarter
		January	February	March			
Reinforcement	478.6	21.4	16.3	20.8	...	...	...
Concrete	1485.6	32.1	24.7	32.8			
Cement	135.2	13.1	21.5	11.9			
Sandstone	90.2	9.7	7.1	4.6			
Sporadic materials	125.2	14.8	14.7	14.2			
Total	2314.8	91.1	84.3	84.3			

Table1-6: Direct Material Budget

Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

When preparing the direct material budget for the residential building project in the A district in January, the purchase volume for this month is first calculated according to the monthly construction demand, the final inventory and the initial inventory of each project; secondly, the direct material cost required for the A district project is calculated according to the material purchase price of the normal project, and the direct material with more materials is refined on the basis of the cost budget table for similar projects in the past, rather than the other materials except steel bars and concrete are classified as sporadic materials.

After summarizing the data and calculating the cost of direct materials for the three months of the first quarter, the budget for the remaining 11 months of the year will be prepared in the same way; finally, the budget for all construction projects will be summarized, and the cost

budget for direct materials will need to be carried out once a month.

The preparation of the direct labor cost budget table is roughly similar to that of the direct material cost budget table. The main accounting objects are the number of construction personnel, the total amount of construction, which is carried out once a month, and is still prepared according to the rolling budget for 12 months of the whole year.





Type of assessment	Assessment indicators	Assessment score	Score
Cost budgeting indicators	Accuracy	20	
	Timeliness	10	
	Rationality	20	
Performance indicators for the cost budget	Control	20	
	Cooperation	20	
	Oversight	10	
Total		100	

Table1-7: Cost Budget Management Assessment Sheet

Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

Manufacturing cost is all engineering cost items except direct materials and direct labor, so the budget of manufacturing cost is quite complicated. The manufacturing cost is divided into variable manufacturing cost and fixed manufacturing cost, and the depreciation cost is carefully budgeted. Finally, according to the flexible budget method, combined with the proportion of each manufacturing cost, the flexible budget method is used to budget the manufacturing cost.

Finally, direct materials, direct labor and manufacturing costs are summarized into the total cost budget table, mainly including direct materials, direct labor, fixed manufacturing costs, and variable manufacturing costs.

#### 4.2.3 Cost refinement budget

After the construction of the project, the cost budget should be refined according to the requirements of the project progress, and the inventory account should not be taken into account when the cost budget of the residential building project of DAQIN CHUANGYECHENG is carried out. Just consider the cost budget demand. We should pay attention to the calculation of inventory account for material purchase:

If a residential building in DAQING CHUANGYECHENG needs to consume 360000 kg, a material per unit purchase cost of 10 yuan, a unit storage cost of 4 RMB, and an average purchase cost of 200 RMB, then

$$\text{Purchase volume} = (2 \times 360000 \times 200 \div 4)^{1/2} = 6000 \text{ kg}$$

$$\text{Total inventory cost} = (2 \times 360000 / 200 \times 4)^{1/2} = 24000 \text{ RMB}$$

$$\text{The average occupancy} = 10 \times 6000 / 2 = 30000 \text{ RMB}$$

$$\text{Best purchase} = 300000 \div 6000 = 50 \text{ Times}$$

To be concluded: when the purchase volume of 6000 kg, the purchase cost and storage cost is the lowest.

From this we can see that not only to actively communicate and negotiate with suppliers can we strive for price advantages and reduce costs, but also to calculate the proportion of various materials in accordance with the project quality requirements and the same price in the market. To actively communicate and negotiate with suppliers can strive for price advantages and reduce costs.

#### **4.2.4 Rental and maintenance of mechanical equipment**

According to the characteristics of the residential building project in Daqing Venture City, the project is designed for mechanical leasing equipment. The geographical location of the project is in the Daqing. Compared with the purchase of machinery and equipment, leasing is more convenient.

Effective management and supervision of wear and tear and depreciation expenses, and equipment of the project department, establish the management mechanism of the machinery and equipment, and carry out the management objectives of the equipment issued by the project department in depth. The accounting personnel do not only understand the working life of the specific machinery and equipment, the efficiency of the machinery and equipment, the utilization rate and the way of obtaining. By using the method of mechanical equipment lease and mechanical equipment depreciation, the cost is reduced reasonably and the excess cost is reduced.

#### **4.2.5 Establish and improve the cost budget management assessment system**

To solve the problems existing in the project management assessment of residential buildings in DAQING CHUANGYECHENG, it is necessary to establish an efficient and timely cost budget management assessment system, increase the control of cost budget in advance, strengthen the supervision in cost matters, and strengthen the feedback after cost budget.

In the cost budget management system, the assessment system can make an overall evaluation of the cost budget preparation and the cost budget implementation; at the same time, it is also the reward and punishment basis for the project to assess and supervise the cost budget management work of each department. The reward and punishment system should be applied to each department in the project to complete the goal of cost budget management and set the cost budget management assessment sheet .

Type of assessment	Assessment indicators	Assessment score	Score
Cost budgeting indicators	Accuracy	20	
	Timeliness	10	
	Rationality	20	
Performance indicators for the cost budget	Control	20	
	Cooperation	20	
	Oversight	10	
Total		100	

Table1-8: The Table of Direct labor And Manufacturing Cost  
Data Source: A Residential Building Project of Sanxing Construction Engineering Group, China

Table 1-8 takes the personnel basic work request and the behavior standard as the assessment basis of the cost budget management, divides the assessment category into the cost budget preparation index and the cost budget management execution index as the assessment standard, and carries on the summary every month, through the year-end reward method, sets up the work orientation, stimulates the work enthusiasm and the creativity. To formulate a series of assessment principles: Trinity principle, standard behavior standard principle, the principle of striving for excellence, reward and punish lazy employment mechanism principle, abide by the principle of superior rules and regulations, etc., this forms a percentage system assessment method, forming a dynamic assessment table of cost budget management.

At the same time, the accuracy and efficiency of engineering quantity calculation are greatly improved by strengthening the training of pre-settlement and management personnel in various advanced technologies and software applied to engineering pre-settlement and construction problems. For the pre-settlement staff, it is necessary to master the necessary basic knowledge and working ability, but also to constantly learn advanced technology and software operation and application methods, master the corresponding laws and regulations and pre-settlement rules, but also familiar with the construction site, master the basic construction methods and techniques, improve their professional ability.

In view of the reference Wennan engineering designers, it is necessary to carry out the design work while deeply understanding the site and engineering construction requirements, so as to minimize the design changes in the actual construction. The supervisor needs to do the supervision and management work in the construction process, and the construction unit should confirm the design change content in time to ensure the smooth development of the pre-settlement work.

## **CHAPTER 5 FINDING AND CONCLUSION**

### **5.1 Importance of Enterprise Project Cost Budget Management**

Under the influence of China's developing market economy and the continuous popularization and expansion of economic globalization, the development of various industries in China will face great difficulties and challenges, especially in the field of industry competition. The market competition of engineering supervision industry in China gradually presents a white-hot state, which puts forward higher requirements for engineering supervision enterprises to deal with the change of external market environment. In order to make the project supervision enterprise develop effectively in the market competition, it is necessary for the enterprise to optimize the project management process to maximize the economic benefit of the project and lay a good foundation for the management of the enterprise's economic development.

With the rapid development of social economy, the level of information technology in our country has been greatly improved. From the present situation, more and more enterprises have integrated information technology into their actual work, thus improving their own operational efficiency and quality. For construction units, it needs to actively introduce information technology,

Through the above contents, it can be found that the project supervision enterprise can effectively control the project cost budget, not only to achieve the strategic goal, but also to improve the allocation efficiency and assets of the enterprise effectively. At the same time, it can also improve the exchange of information within enterprises and promote the coordinated development of various departments of enterprises.

Therefore, in the process of development, it is necessary for engineering supervision enterprises to manage and control the project budget cost, and to improve the corresponding evaluation management mechanism by improving the comprehensive and scientific characteristics of the project cost budget. In order to improve the cost budget management system of supervision enterprises, promote the overall development of supervision enterprises.

### **5.2 Conclusion**

With the gradual development of the domestic construction industry, the competition in the construction market has intensified. Many personnel have carried out a comprehensive analysis of the relevant factors during the construction period, and found that cost management is very important during the construction period. And cost management key lies in construction budget. Therefore, the construction budget is effectively controlled, the overall cost of the home is controlled, and the actual economic benefits of the construction enterprise are guaranteed. Moreover, managers budget specific construction costs, which is very beneficial to the

continuous improvement of construction quality.

Since the construction stage is the largest investment stage, it is necessary for the construction unit to control the cost management of the construction stage scientifically. For example, according to the budget content, manage the funds applied in each work link, optimize and cooperate with all kinds of resources, improve the efficiency of resource utilization, so as to achieve the purpose of saving funds. Due to the waste of materials in the construction process, it is necessary for the construction cost related managers to do a good job of construction management.

Moreover the budget staff, construction unit managers and so on need to improve the control level of the construction process budget from their respective angles, as described below. Budget staff: it needs to calculate the budget funds of each construction material according to the engineering quantity and engineering characteristics, and there is a waste of funds and materials. The manager of the construction unit needs to communicate with the site construction manager, discuss the problem of budget overrun and improve the efficiency of problem solving. At the same time, the manager of the construction unit needs to coordinate the construction work fully and reduce the change probability of the construction drawing, which can not only guarantee the progress of the construction project, but also control the construction cost.

During the construction period, the managers should pay attention to the cost management, especially the construction budget, so as to ensure the quality of the project and promote the long-term development of the construction industry. Before the construction of the project, many factors are combined with the past historical experience, and then reasonable and scientific calculation is made.

At the same time, the actual consumption of the final project can be used as the basis to judge whether the project meets the requirements. During the specific construction period, the project budget can be changed reasonably according to the specific construction progress, and can serve as an important basis for settlement after the project is set up. In addition, the scientific construction budget can make the construction plan more reasonable, and the cost management can be strengthened to improve the construction efficiency.

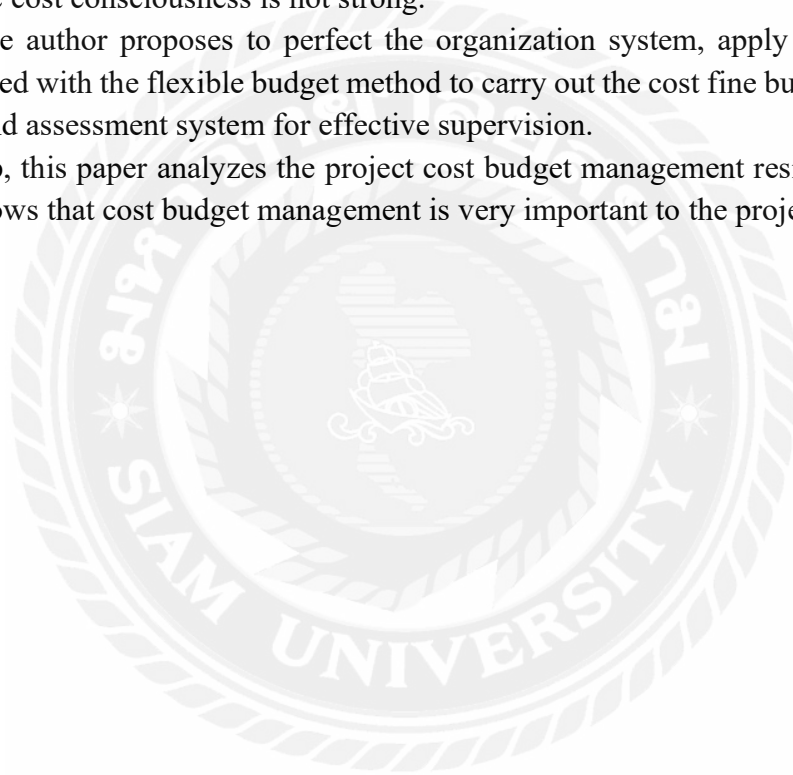
Because of the rapid development of the construction industry in China, the cost budget is paid more and more attention, and the reasonable cost control can effectively improve the economic benefit, while the direct material, direct labor and manufacturing cost of the project cost greatly affect the total cost expenditure. Long-term nature and fluidity of the project, it is very difficult to implement the quality and safety cost of the project. Invisible, affect the cost budget management implementation effect, It's serious The consequences. Find suitable methods and get enough attention and prevent and analyze them, and carry out the whole process control in the implementation of the project, we can avoid many unnecessary disputes and related legal costs, improve the reputation of the enterprise, reduce the overall cost of the project, and greatly increase the income of the enterprise.

## CHAPTER 6 RECOMMENDATION

This paper first analyzes the project of residential building , starting from the characteristics of the project, and combining with the specific contents, methods and influencing factors of cost budget management, analyzes the cost budget management method of the project and the specific completion of the project. Secondly, we find out the problems in the cost budget management of residential building project : the department in the organization of cost budget is not perfect, the participation of personnel is not enough, and the traditional cost budget method of fixed budget method is used, and the concrete assessment of personnel assessment is not in place. Most of the project cost budget management does not pay attention to engineering quality and safety, the main reason is the managers of the project lack the understanding of the quality of the project and the safety cost, the personnel participation is not enough, and the cost consciousness is not strong.

Finally, the author proposes to perfect the organization system, apply the cost budget method combined with the flexible budget method to carry out the cost fine budget, and finally establish a sound assessment system for effective supervision.

To sum up, this paper analyzes the project cost budget management residential building project, and shows that cost budget management is very important to the project.



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# APPENDIX

## Survey Questionnaire

Hello! I'm a college student in Siam University International College. I'm doing a survey about your company's cost budget management, I'll appreciate it if you can help me complete the survey questionnaire. Thank you for your time and cooperation. Please indicate your information.

Name(optional):

Age:

Gender:

Nationality:

Job:

Email:

Address(optional):

**Q1. Which department are you employee?**

**The cost budget management center**

**The project engineering department**

**Construction staff**

**Other departments**

**Q2. Have you been involved in the cost budget of a project in the company?**

**A.YES**

**B.NO**

**Q3. Do you think your department should be involved in cost budget management**

**A.YES**

**B.NO**

**Q4. What do you think of the level of cost supervision in our company?**

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**Q5. Please make reasonable suggestions on the cost budget and personnel supervision of the company**

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**Thank you for your participation !**