Glossary of Terms

These terms and acronyms are commonly used throughout the course, so use this as a reference if you hear or see a financial term you aren't familiar with.

Accounting Approver

An accounting approver is an individual with the authority to accept and reject Procore data for export to an integrated ERP system (e.g., Integration by Procore: Viewpoint® Spectrum®, Integration by Ryvit: Viewpoint® Vista™, QuickBooks®, Sage 100 Contractor®, or Sage 300 CRE®). An accounting approver also has the authority to unlink commitments and commitment change orders that have been synced with an integrated ERP system.

Allowance

An allowance is an amount of money that has been set aside in a construction contract's original sum to cover the costs of paying for known items that were not specified in detail on the contract.

Backcharge

A backcharge refers to an amount of money that a contractee holds back from a contractor as a consequence for performing incomplete or defective work.

Budget

The dollar amount allocated by the owner for a project/program.

Budget Code

In Procore, a budget code is applied to line items in Procore's financial management tools to give you the ability to categorize line items. It identifies costs for budgetary reporting and consists of a cost code, cost type, and sub job combination (if the sub jobs are enabled on the project). It can also include a division to align with the CSI MasterFormat. For example, 01 General Requirements, 02 Site Construction, and so on.

Budget Estimate

An estimate of the cost of work based on preliminary information, with a qualified degree of accuracy.

Budget Modification

In Procore, a budget modification is a transfer of money from one budget line item to another budget line item. Budget modifications are created in a project's Budget tool, instead of creating a Prime Contract Change Order (PCCO). To create a budget modification, the budget must be locked.

CCO

Short for *Commitment Change Order*.

Change Event

On a construction project, a change event is any change that affects the scope of work on a construction project. Examples include project changes that affect the scope of the work to be completed, project schedule, costs, and more. A change event is typically recorded in writing and precedes the creation of a change order, which allows your team members and stakeholders to prepare for a cost change, before it becomes an actual cost.

Change Order

A Change Order (CO) written record of a contract modification that details any amendment(s) to the original agreement's scope of work. Most construction contracts are executed with a clearly defined scope of work, so any work that is added, substituted, or deleted from the original contract's scope (such as changes to a project's designs, conditions, schedules, and/or costs) will typically require an approved change order.

Change Order Request

A Change Order Request (COR) provides general contractors with the ability to create a package that contains one (1) or more Potential Change Orders (PCOs) into a formal request that you can then send to the project's owner. When creating a COR, it is a common practice to group PCOs that share the same scope of work into a single COR. This helps to organize your change orders into logical groups, which can streamline the review and approval process for the project owner.

Change Orders By Line Item

Change Orders By Line Item (COBLI) allows you to show what level of detail to show on invoicing and financial markups. This tool will provide you the ability to bill at the PCO level instead of the PCCO level on your owner invoices.

CO

Short for *Change Order*.

COBLI

Short for *Change Orders By Line Item*.

Code of Accounts

The owner's written description of the cost elements of the project, used for the owner's accounting purposes.

Commitment

The owner's written description of the cost elements of the project, used for the owner's accounting purposes.

Commitment Change Order

A Commitment Change Order (CCO) details a potential change in costs that will affect the contract.

Committed Cost

A committed cost is an investment or obligation that has already been made and cannot be recovered.

Contingency

A contingency is an amount of money that has been included in a construction contract's original sum to cover the costs of paying for unknown items that may result in additional costs not specified in the construction contract.

COR

Short for *Change Order Request*.

Cost Code

A cost code is a code that defines the specific type of work being completed on a construction project.

Cost Plus

A cost plus is a contract type where the owner agrees to pay all construction costs plus an agreed upon markup percentage.

Cost Type

A set of unique costs represented by an abbreviation, such as L=Labor, E=Equipment, M=Materials, C=Commitment, OC=Owner Cost, SVC=Professional Services, and O=Other.

Direct Costs

The field costs directly attributed to the construction of a project, including labor, material, equipment, subcontracts and their associated costs. This definition is a broader definition than that of Procore's Direct Costs tool which is meant to capture direct costs that are not associated with a commitment (contract) such as temporary trailer costs, supervision payroll paid by GC, and so on.

E

Denotes an 'Equipment' line item type on a Prime Contract. For more context, see the definition for Cost Type.

Enterprise Resource Planning

Enterprise Resource Planning (ERP) is a type of business-management software that can be used to collect, store, and manage data from many business activities, including construction and property management software and accounting systems (e.g., Integration by Procore: Viewpoint® Spectrum®, Integration by Ryvit: Viewpoint® Vista™, QuickBooks®, Sage 100 Contractor®, or Sage 300 CRE®).

ERP

Short for *Enterprise Resource Planning*.

Estimated Cost to Complete

The current estimate of the remaining costs to be incurred on a project at a specific point in time.

Estimated Final Cost

The anticipated cost of a project or project element when it is complete. The sum of the cost to date and the estimated cost to complete.

GMP

Short for *Guaranteed Maximum Price*.

Guaranteed Maximum Price

The Guaranteed Maximum Price (GMP) is a contractual form of agreement wherein a maximum price for the work is established based on an agreed-to scope. Cost-type contract (also known as an open-book contract) where the contractor is compensated for actual costs incurred plus a fixed fee subject to a ceiling price.

Job to Date

Job to Date (JTD) is a general term that can be used to describe a construction job to the present date. In Procore, it's used in the Budget tool to show the sum of a project's Direct Costs + Subcontractor Invoices to the present date.

JTD

Short for *Job to Date*.

Invoice

An invoice is an itemized list of goods or services provided by a contractor that includes a statement of a sum due. In Procore, there are two types of invoices: an owner invoice and a subcontractor invoice.

Invoice Contact

An invoice contact is the person who ensures that a subcontractor invoice is submitted to a general contractor for payment. In Procore, an invoice contact is always an employee of the 'Contract Company' assigned to a commitment. The contract company is the party responsible for performing work and/or supplying materials on a project.

Labor Costing

In Procore, labor costing in real-time is the ability for labor data to be collected from the field and instantly applied to the budget as costs through the combined use of Field Productivity and Project Financials.

LDs

Short for *Liquidated Damages*.

Life Cycle Cost

Life cycle costs include all costs incident to the planning, design, construction, operation, maintenance and demolition of a facility, or system, for a given life expectancy, all in terms of present value.

Liquidated Damages

An amount of money usually set on a per-day basis, which the contractor agrees to pay the owner for delay in completing the Work in accordance with the contract documents - If you are late to finish, you start paying a daily LD cost to compensate the owner.

Lump Sum

A fixed amount that includes the cost of overhead and profit paid, in addition to all other direct and indirect costs of performing work. Common type of contracting method.

M

Denotes a 'Materials' line item type on a Prime Contract. For more context, see the definition for Cost Type.

Non-Commitment Cost

In Procore, a non-commitment cost is a cost that is NOT included on the line items in a commitment. The cost is also an amount that is different from a cost submitted on a Prime Contract Potential Change Order (Prime PCO).

O

Denotes an 'Other' line item type on a Prime Contract. For more context, see the definition for Cost Type.

OC

Refers to the 'Owner Cost' line item on a Prime Contract. For more context, see the definition for Cost Type.

Owner Invoice

An owner invoice is an itemized record of a financial transaction between a project owner and a company responsible for completing work.

PCCO

Short for *Prime Contract Change Order*.

PCO

Short for *Potential Change Order*.

PO

Short for *Purchase Order*.

Potential Change Order

A Potential Change Order (PCO) represents any potential change in cost that would affect the project's Prime Contract (i.e. the contract between the owner and general contractor). Potential Change Orders are typically created by the general contractor (GC) to receive a pricing estimate from subcontractors for changes on a project that affect a project's scope of work, construction schedule, which are expected to result in additional project costs. A PCO can contain one or more pricing items that may involve multiple subcontractors. Depending on whether or not the owner agrees to pay for some or all of the proposed changes, any PCO runs the risk of impacting the overall profitability of the project. Commitment Change Order (CCO) are generated from a PCO.

Prime Contract

A prime contract is a legal agreement between the party financing a construction project (for example, a single project owner, commonly referred to as the contractee, client, or principal) and the party being paid to manage the project who has full responsibility for ensuring completion of work (for example, the primary or main contractor). Using Procore, you can either create a single prime contract for a construction project or you can also divide the scope of work for a single project between multiple prime contracts.

Prime Contract Change Order

In Procore, a Prime Contract Change Order (PCCO) is a change order that affects the prime contract. In a two-tier change order setup, it typically consists of a bundle of Potential Change Orders (PCOs) that must be approved by the owner. In a three-tier change order setup, it typically consists of a bundle of Change Order Requests (CORs) that must be approved by the owner.

Progress Payment

Partial payment of the contract amount periodically paid by the owner, upon approval by the CM and/or Architect, verifying that portions of the Work have been accomplished according to the progress reported in the payment request.

Purchase Order

In Procore, a Purchase Order (PO) is a documented financial commitment that details the types, quantities, and agreed-upon prices for products or services. As part of the procurement process, purchase orders are created by a 'buyer' (for example, a general contractor) and issued to a 'seller' (for example, a subcontractor) to cover the cost of a contract. Once accepted by the 'seller,' a purchase order represents an agreement between the two parties.

Request for Payment

A Request for Payment (RFP) is a request by one party for payment from another party, which can take the form of a pay application or an invoice.

Request for Quote

A Request for Quote (RFQ) is your company's formal solicitation that invites vendors to submit price quotes and bids for goods and services related to the change event.

Retainage

In Procore, the term retainge refers to the practice of withholding of a portion of a contract amount until the work is deemed satisfactorily complete. The withheld amount is specified in an agreement between the contracting party (the party paying for the work) and a contracted party (the person or company performing the work). A common practice is to withhold 5-10% of a contract's total value until a milestone is reached. Then, the withheld amount can be released as a progress payment. When work is substantially complete, the withheld amount can be released as a final payment.

RFP

Short for *Request for Payment*.

RFQ

Short for *Request for Quote*.

ROM

Short for *Rough Order of Magnitude*.

Rough Order of Magnitude

Rough Order of Magnitude (ROM) is a rough numerical cost estimate that is used in the construction industry to gain a rough idea of the cost(s) to complete a project. ROM estimates are typically provided by a knowledgeable, high-level expert during the initiation/beginning phases of a project, when there is still a high level of uncertainty about the project. ROM estimates are understood to have a lower level of accuracy than a definitive/conclusive estimate.

S

Denotes a 'Commitment' line item type on a Prime Contract. For more context, see the definition for Cost Type.

Schedule of Values

A Schedule of Values (SOV) is a list of line items that details all of the agreed upon costs (e.g., labor, materials, and so on) on a project. An SOV itemizes the contract amount into individual pay items to show how the entire contract sum is allocated to all of the project's work. An SOV is also based on the project's approved budget and commonly used to determine progress payments to contractor(s).

Scope of Work

A Scope of Work (SOW) is the division of work to be performed under a contract or subcontract in the completion of a project, typically broken out into specific tasks with deadlines.

SOV

Short for *Schedule of Values*.

SOW

Short for *Scope of Work*.

Subcontractor Invoice

A subcontractor invoice is a request for payment from a subcontractor to the general contractor.

Unit of Measure

In Procore, a unit of measure (UOM) can be created to express these quantities: time, amount, length, area, volume, or mass. For example, hours, each, square foot. In Procore, there is a Units of Measure Master List that includes default selections that appear in a UOM drop-down list in Procore's Financial Management tools.

UOM

Short for *Unit of Measure*.