**Cost Management Plan**

**RAMS Corner Ticketing Service System**

**Nacor Industries**

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# Introduction

The purpose of the Cost Management Plan for the RAMS Corner Ticketing Service System is to efficiently manage all expenses related to the project from start to finish. The plan establishes guidelines and criteria for measuring, reporting, and regulating the project's costs.

1. **Cost Management Responsibilities**
   * In addition to overseeing the project's cost management, the Project Manager will collaborate with the project team and stakeholders to establish cost management objectives, develop cost estimates, and monitor and control project expenses to ensure that the project stays within budget.
2. **Cost Change Approval**
   * The designated authority would review the proposed change and assess its impact on the project's budget, schedule, and overall goals. They would then decide whether to approve or reject the change based on these factors.
   * If the additional cost represents less than 10% of the total project budget, approval from the Project Manager is needed. However, if the cost increase exceeds 10% of the total project budget, there is a need to seek approval from the Project Sponsor.
3. **Cost Measurements and Reports**
   * Cost performance can be quantitatively measured and reported upon by analyzing the planned versus actual costs incurred during a project.
   * These reports may include metrics such as Cost Performance Index (CPI) and Schedule Performance Index (SPI), which provide a quantitative assessment of cost and schedule performance, respectively.
4. **Budget Format**
   * The budget for the project will be presented in a straightforward and easy-to-understand format, using a spreadsheet program such as Excel. The budget will be itemized into individual line items, each with a detailed cost estimate, and updated monthly with any changes clearly marked.

In essence, the Cost Management Plan devised for the RAMS Corner Ticketing Service System aims to guarantee that every expense related to the project is efficiently handled and regulated, thus enabling the project to be executed within the agreed-upon budget. Such a plan would contribute to the successful and timely completion of the project.

### 1.1 Cost Management Approach

The Cost Management Approach of the RAMS Corner: ITRO Ticketing Service System will be based upon the following.

* **Planning**

The team will monitor project expenses, regularly report on deviations from the budget, and take corrective action when necessary, ensuring transparency and accountability throughout the project's lifecycle.

* **Cost Estimation**

The cost estimate will be regularly updated to reflect any changes in the project's scope or budget and will serve as a baseline against which all project costs will be measured. This will enable the team to track and manage project costs effectively, adjusting as needed to ensure that the project is completed within budget and on schedule.

* **Budgeting**

The budget will serve as a guide for managing project expenses, and it will be regularly monitored and adjusted as necessary to ensure that the project remains on track. The project team will use the budget to prioritize expenditures, allocate resources effectively, and make informed decisions that maximize the value delivered to the community.

* **Cost Reporting**

These reports will be reviewed by project stakeholders to ensure that everyone is aware of the project's financial status and can take appropriate action if necessary. The team will use the reports to identify trends and patterns in project costs, allowing them to adjust their cost management strategies accordingly. In addition, these reports will provide transparency and accountability, ensuring that stakeholders can make informed decisions based on accurate and up-to-date information.

* **Risk Management**

The project team will conduct ongoing risk assessments to identify potential risks that may impact project costs and develop strategies to mitigate these risks. The team will also regularly monitor the effectiveness of these strategies and maintain a risk register to document all identified risks and their corresponding mitigation plans.

The Cost Management Approach we have devised intends to guarantee that the RAMS Corner Ticketing Service System is executed within the authorized budget, adheres to project objectives, and provides a product of superior quality that caters to the community's requirements.

### 1.2 Measuring Project Costs

Measuring cost performance is a crucial aspect of controlling project costs, and there are several techniques that can be used for this purpose. These techniques include methods such as cost variance, earned value management (EVM), cost performance index, and the Schedule Performance Index.

Below, we'll provide more information about each of these methods for measuring cost performance.

1. **Cost Variance**

Cost Variance (CV) is a technique used for measuring the difference between the Earned Value (EV) and the Actual Cost (AC) of the work completed. It provides an indication of whether the project is under budget or over budget. CV is calculated by subtracting the AC from the EV

**CV = EV - AC**

1. **Earned Value Management**
   * Earned Value Management (EVM) is a widely accepted and effective technique for measuring project performance in project management. The technique integrates the three key elements of scope, time, and cost, providing a holistic view of the project's progress and performance.

**(SV) = EV – PV**

1. **Cost Performance Index**
   * The CPI provides a measurement of the value of work accomplished in relation to the actual cost of the work completed. It is calculated by dividing the EV by the AC.

**(CPI) = EV / AC**

1. **Schedule Performance Index** 
   * The Schedule Performance Index (SPI) is a technique used to measure the project's schedule performance. The SPI provides a measurement of the progress achieved in relation to the work scheduled. It is calculated by dividing the Earned Value (EV) by the Planned Value (PV). The SPI value greater than 1 indicates that the project is ahead of schedule, while an SPI value less than 1 indicates that the project is behind schedule.

**(SPI) = EV / PV**

### 1.3 Reporting Format

The stakeholders will receive a progress report on a weekly basis to update them on the cost status of the project. The report will have a section called "Cost Management" which will provide information on the Earned Value Metrics (EVM), including Schedule Variance (SV), Cost Variance (CV), Schedule Performance Index (SPI), and Cost Performance Index (CPI), for evaluating the project's progress and cost performance. If the project's cost goes beyond the predefined limits, the report will include details of the issue and the corrective actions planned. The report will also monitor change requests resulting from cost overruns to ensure they align with the project budget. These updates will be shared with stakeholders weekly to ensure timely decision-making and maintain transparency.

### 1.4 Cost Variance Response Process

The process for responding to cost variances involves identifying the root causes of the variance, assessing its impact on the project, and developing a plan to address it. First, the project team will investigate the causes of the cost variance, which could be due to changes in scope, resource allocation, or unexpected expenses. Once the causes have been identified, the team will assess the impact of the variance on the project's budget and schedule to determine the severity of the situation.

Based on this assessment, the team will develop a plan to address the cost variance. This plan may involve cutting costs in other areas of the project, renegotiating contracts with vendors, or requesting additional funding from stakeholders. The plan will be presented to the project sponsor or steering committee for approval before any action is taken. Once the plan has been approved, the team will implement it and monitor its effectiveness to ensure that the project stays on track.

The Control Thresholds for this project are a CPI or SPI of less than 0.8 or greater than 1.2. If the project reaches one of these Control Thresholds a Cost Variance Corrective Action Plan is required. The Project Manager will present the Project Sponsor with options for corrective actions within five business days from when the cost variance is first reported. Within three business days from when the Project Sponsor selects a corrective action option, the Project Manager will present the Project Sponsor with a formal Cost Variance Corrective Action Plan. The Cost Variance Corrective Action Plan will detail the actions necessary to bring the project back within budget along with how the effectiveness of the actions in the plan will be measured. Upon acceptance of the Cost Variance + Corrective Action Plan it will become a part of the project plan and the project will be updated to reflect the corrective actions.

### 1.5 Cost Change Control Process

The RAMS Corner Ticketing Service System aims to provide APC Staffs, Faculty, and Students to have an easier access to the ITRO, to create a single software application that receives and automatically sorts out and manage tickets of clients’ requests and queries received by the ITRO.

* **Identification for Change**
  + The initial phase of the Cost Change Control Process is the Identification for Change, which entails identifying and documenting potential changes that could affect project costs. For a RAMS Corner Ticketing System Service project, potential changes may involve additional features, hardware or software upgrades, or changes in scope that could necessitate additional resources.
* **Asses the Change Request**
  + In evaluating a change request, it is crucial to use objective measures such as the project's goals, objectives, and requirements. Furthermore, the project team must consider the potential risks associated with the proposed changes and determine whether additional mitigation strategies are necessary.
  + If the change request is deemed necessary and feasible, the project manager should seek approval from the project sponsor or other appropriate stakeholders before proceeding with the change. If the change request is not approved, it should be documented and the reasons for the rejection should be communicated to the requester.
* **Analyze the Change Request** 
  + In this phase, the project team must collect all relevant information to assess the scope of the change request's impact. This includes identifying which areas of the project will be affected by the change, evaluating the resources necessary to implement the change, and analyzing the potential risks linked with the change.
  + Once the analysis is complete, the project team should provide a detailed report that includes an estimate of the cost and schedule impact of the change. The report should also include any recommendations for alternative solutions or mitigation strategies to minimize the impact of the change.
* **Implement the Change Request**
  + It's important to note that implementing a change request may have implications beyond just cost, including impacts on project scope, schedule, and quality. The project team should carefully consider all of these factors and communicate any potential impacts to stakeholders as part of the implementation process.
  + Once the change has been implemented, the project manager should review the results and update any relevant documentation to reflect the change. This may include updating project budgets, schedules, and status reports to reflect the impact of the change on project costs.
* **Change Request Closure**
  + During the Change Request Closure step, the project team should conduct a final review of the change log to ensure that all approved changes have been properly implemented and that their impact on the project's cost baseline has been accurately reflected in the project's financial records.

### 1.6 Project Budget

The budget for this project, together with the other possible expenses for this project are presented in various categories in detail through the Budget Summary. See Budget Summary below.

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**Sponsor Acceptance**

Approved by the Project Sponsor:

Date:

Mr. Jojo Castillo

ITRO Head