

COMP313 Project Management

Project Cost Management

Exercise 6

1. Describe the general purpose of the reserves in a project budget planning. Distinguish the two types of reserves used in Project Cost Management in terms of when they are determined, in what situations the funds should be deployed and who has the authorization of deploying them.
2. As a project manager, you work on a one-year project with total budget of \$120,000. By the end of the 3rd month, you are asked to present your project current status and performance to the top management with the information given below. You measure the necessary figures of the project as below. Answer the following questions.
 - (a) What is the Cost Variance, Schedule Variance, Cost Performance Index (CPI) and Schedule Performance Index (SPI) for the project?
 - (b) Is the project ahead of schedule or behind schedule? Is it under budget or over budget? How do you get this indication?
 - (c) Calculate the Estimate At Completion (EAC) for this project.
 - (d) Use the Schedule Performance Index (SPI) to estimate how long it will take to finish this project.
 - (e) Draw a chart to illustrate the PV, EV and AC to reflect the situation of budget spending and work progress schedule as of the end of the 3rd month.