

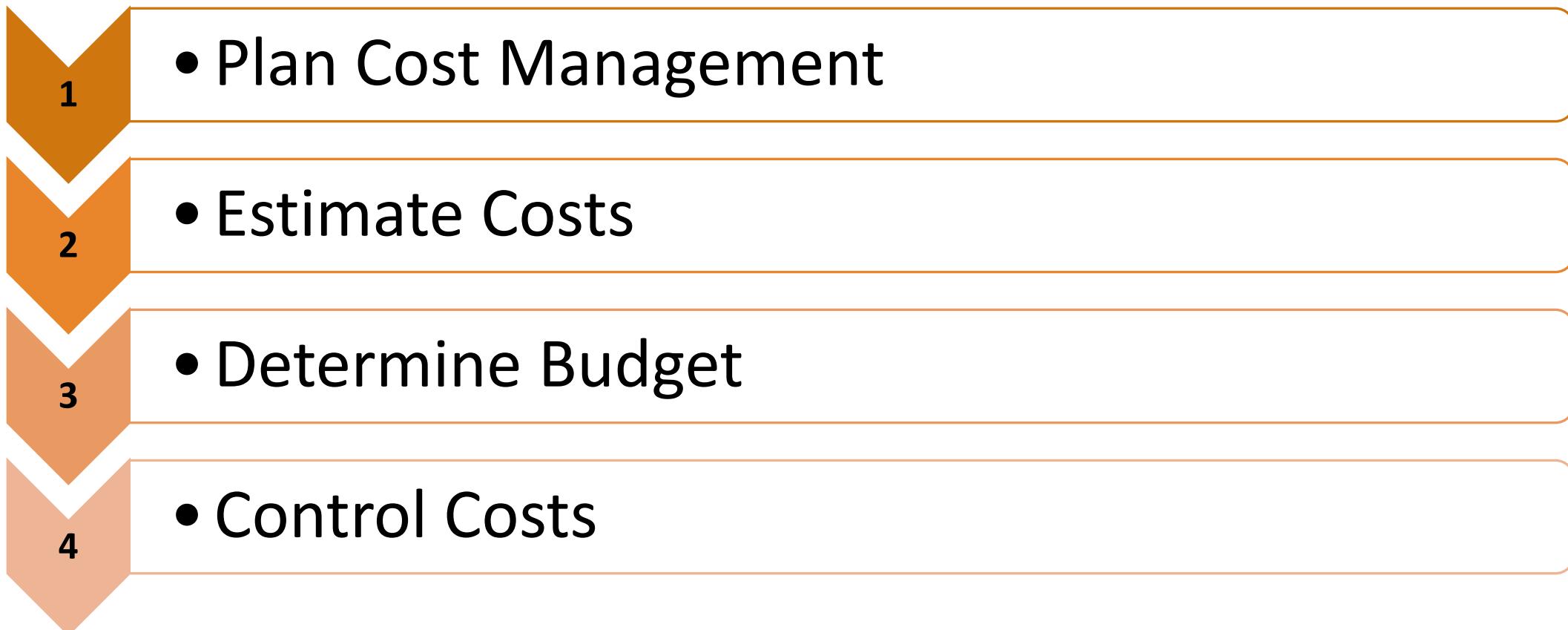
Project Cost Management

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Project Cost Management

○ Project Cost Management includes the processes involved in planning, estimating, budgeting, financing, funding, managing, and controlling costs so that the project can be completed within the approved budget.

Processes of project cost management



1. Plan Cost Management

- Process of defining how the project costs will be estimated, budgeted, managed, monitored, and controlled
- **Key benefit:** provides guidance and direction on how the project costs will be managed throughout the project

Plan Cost Management- Overview

Plan Cost Management

Inputs

- .1 Project charter
- .2 Project management plan
 - Schedule management plan
 - Risk management plan
- .3 Enterprise environmental factors
- .4 Organizational process assets

Tools & Techniques

- .1 Expert judgment
- .2 Data analysis
- .3 Meetings

Outputs

- .1 Cost management plan

Output – Cost Management Plan

A component of the project management plan and describes how the project costs will be planned, structured, and controlled

The cost management plan can establish the following,

- i. Units of measure
- ii. Level of precision
- iii. Level of accuracy
- iv. Organizational procedures links (That is the connection with the work breakdown structure)
- v. Control thresholds
- vi. Rules of performance measurement - For example, the cost management plan may:
 - a. Define the points in the WBS at which measurement of control accounts will be performed
 - b. Establish techniques (e.g., weighted milestones, fixed-formula, percent complete, etc.)
- vii. Reporting formats

2. Estimate Costs

- Process of developing an approximation of the cost of resources needed to complete project work.
- **Key benefit:** it determines the monetary resources required for the project.

3. Determining budget

- Process of aggregating the estimated costs of individual activities or work packages to establish an authorized cost baseline.
- **Key benefit:** it determines the cost baseline against which project performance can be monitored and controlled.

Output – Cost baseline

- Approved version of the time-phased project budget, excluding any management reserves, which can only be changed through formal change control procedures.
- Used as a basis for comparison to actual results.
- Cost baseline is developed as a summation of the approved budgets for the different schedule activities.

	Task Name	Baseline Dur.	Baseline Start	Baseline Finish	Baseline Work	Baseline Cost
0	4 Commercial Construction	198.38 days	Mon 22-8-16	Wed 31-5-17	1,885.62 hrs	\$76,310.20
1	4 General Conditions	24.75 days	Mon 22-8-16	Fri 23-9-16	176 hrs	\$8,100.00
2	Receive notice to proceed and sign contract	3 days	Mon 22-8-16	Wed 24-8-16	24 hrs	\$1,440.00
3	Submit bond and insurance documents	2 days	Thu 25-8-16	Fri 26-8-16	20 hrs	\$1,040.00
4	Prepare, review and submit project schedule	2 days	Mon 29-8-16	Tue 30-8-16	20 hrs	\$760.00
5	Obtain building permits	4 days	Wed 31-8-16	Mon 5-9-16	32 hrs	\$1,360.00
6	Submit preliminary shop drawings	2 wks	Tue 6-9-16	Mon 19-9-16	80 hrs	\$3,400.00
7	Submit monthly requests for payment	6 hrs	Fri 23-9-16	Fri 23-9-16	0 hrs	\$100.00
8	Final General Condition	0 days	Fri 23-9-16	Fri 23-9-16	0 hrs	\$0.00
9	4 Long Lead Procurement	26.25 days	Fri 9-9-16	Mon 17-10-16	320 hrs	\$15,200.00
10	Submit shop drawings and order long lead items -	2 wks	Fri 9-9-16	Fri 23-9-16	80 hrs	\$4,000.00
11	Submit shop drawings and order long lead items -	2 wks	Tue 20-9-16	Mon 3-10-16	80 hrs	\$4,000.00
12	Detail, fabricate and deliver steel	4 wks	Tue 20-9-16	Mon 17-10-16	160 hrs	\$7,200.00
13	Long Lead Procurement check all items	0 days	Mon 17-10-16	Mon 17-10-16	0 hrs	\$0.00
14	4 Mobilize on Site	10.25 days	Fri 23-9-16	Fri 7-10-16	64 hrs	\$2,280.00
15	Install temporary power	2.5 days	Fri 23-9-16	Wed 28-9-16	20 hrs	\$800.00
16	Set up site office	3 days	Wed 28-9-16	Mon 3-10-16	26.4 hrs	\$792.00
17	Prepare site - lay down yard and temporary fencing	2 days	Thu 6-10-16	Fri 7-10-16	17.6 hrs	\$688.00
18	Finish temporay utilities	0 days	Fri 7-10-16	Fri 7-10-16	0 hrs	\$0.00
19	4 Site Grading and Utilities	28 days	Mon 10-10-16	Wed 16-11-16	224 hrs	\$8,960.00
20	Clear and grub site	3 days	Mon 10-10-16	Wed 12-10-16	24 hrs	\$960.00
21	Rough grade site (cut and fill)	1 wk	Thu 13-10-16	Wed 19-10-16	40 hrs	\$1,600.00
22	Install exterior fire line and building fire riser	2 wks	Thu 20-10-16	Wed 2-11-16	80 hrs	\$3,200.00
23	Perform final site grading	2 wks	Thu 3-11-16	Wed 16-11-16	80 hrs	\$3,200.00
24	Install Utilities check	0 days	Wed 16-11-16	Wed 16-11-16	0 hrs	\$0.00
25	4 Team meeting and discussion with partners	20.25 days	Wed 4-1-17	Wed 1-2-17	0 hrs	\$0.00
26	Team meeting and discussion with partners 1	2 hrs	Wed 4-1-17	Wed 4-1-17	0 hrs	\$0.00
27	Team meeting and discussion with partners 2	2 hrs	Wed 18-1-17	Wed 18-1-17	0 hrs	\$0.00
28	Team meeting and discussion with partners 3	2 hrs	Wed 1-2-17	Wed 1-2-17	0 hrs	\$0.00
29	4 Foundations	21.5 days	Thu 17-11-16	Fri 16-12-16	283.2 hrs	\$10,136.00
30	Excavate foundations	2 wks	Thu 17-11-16	Wed 30-11-16	120 hrs	\$4,000.00
31	Rough-in electric and plumbing in elevator	4 days	Thu 17-11-16	Tue 22-11-16	64 hrs	\$2,560.00
32	Pour column piers and foundations	5 days	Wed 23-11-16	Tue 29-11-16	60 hrs	\$1,800.00

4. Controlling costs

- Process of monitoring the status of the project to update the project costs and managing changes to the cost baseline.
- **Key benefit:** the cost baseline is maintained throughout the project.