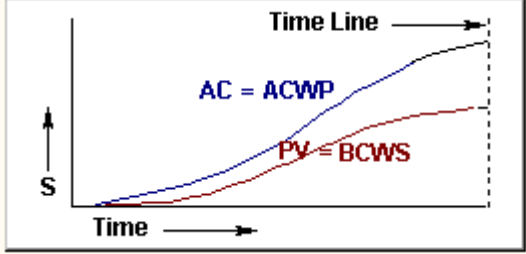

1 Cost Management 34

1.	<p>Egon, as project manager on a software deployment project, is estimating his reserves based on what he knows may go wrong with his project. These reserves will be available to him when the need arises. These reserves (funds) are included in the project budget and are known as:</p> <ul style="list-style-type: none">A. Management reservesB. Technical reservesC. Contingency reservesD. Unplanned reserves <p>C</p>
2.	<p>Egon is preparing a budget on his enterprise-wide project that will serve as the cost baseline. Inputs for preparing this budget include:</p> <ul style="list-style-type: none">A. The capital budgeting process description, the project overhead rates, fringe benefit packagesB. Approve scope change requests, recommended project corrective actions, the WBS dictionaryC. The project cost management plan, the project work breakdown structure, the project scheduleD. The project assumptions and constraints, the risk management plan, the project quality management plan <p>C</p>
3.	<p>Susan did some calculations on her project to get a better picture of project performance to date. She discovered that the project was demonstrating a cumulative SV (SVc) equal to \$25,000. Which of the following statement is false:</p> <ul style="list-style-type: none">A. The project appears to be ahead of schedule through this periodB. Earned value calculations for SV are typically compared in dollarsC. Since the variance is given in dollars, the project is over budgetD. To get a better picture, SV should be compared over time, in a trend. <p>C</p>
4.	<p>Susan's sponsor has requested a quick, preliminary estimate of costs for her AI software project. Which method would be most appropriate?</p> <ul style="list-style-type: none">A. A definitive estimateB. An engineering estimateC. A parametric estimateD. A bottom up estimate <p>C</p>

5.	<p>Project A's initial investment is \$125,000. The present value of future benefits is \$130,000. The internal Rate of Return is 6%. Project A has significant risks. The current return on similar, competing projects is 13%. Should this project be considered?</p> <p>A. No. While this project has a positive NPV, the company can benefit from selecting one of the other projects in the same risk category with a higher projected return.</p> <p>B. Yes. Both the NPV and the IRR are positive indicating that the company would benefit from taking on this project</p> <p>C. No. Both the NPV and the IRR indicate that this project would not be profitable for the company</p> <p>D. Yes. The company should invest in all projects where the NPV and IRR are positive. If necessary, the company should borrow funds for this project.</p> <p>A</p>
6.	<p>For the figure shown, the status of the project, based on earned value is:</p>  <p>The graph shows a 'Time Line' on the horizontal axis and cost on the vertical axis. Two curves originate from the origin: a blue curve labeled 'AC = ACWP' and a red curve labeled 'PV = BCWS'. The blue curve is consistently above the red curve, indicating that the actual cost of work performed (ACWP) is greater than the budgeted cost of work scheduled (BCWS). This signifies the project is over budget.</p> <p>A. Over budget</p> <p>B. Under budget</p> <p>C. Ahead of schedule</p> <p>D. Undetermined from the information shown</p> <p>D</p>
7.	<p>Reserve Analysis a technique NOT used in:</p> <p>A. Estimate Costs</p> <p>B. Determine Budget</p> <p>C. Control Costs</p> <p>D. Estimate Activity Duration</p> <p>C</p>
8.	<p>A Project with a total funding of \$100,000 finished with a BAC value of \$95,000. What term can BEST describe the difference of \$5,000?</p> <p>A. Cost Variance</p> <p>B. Management Overhead</p> <p>C. Management Contingency Reserve</p> <p>D. Schedule Variance</p> <p>C</p>
9.	<p>A particular project in the domain of city network construction requires that every on-site worker be insured. Which of the following inputs BEST conveys this requirement to the Estimate Costs process so that the insurance cost is estimated and subsequently budgeted:</p> <p>A. Enterprise Environmental Factor</p> <p>B. Organizational Process Assets</p> <p>C. Project Scope Statement</p>

	D. Project Management Plan C
10.	_____ is not a part of the project cost baseline but is included in the project budget: A. Activity Cost Contingency Reserve B. Management Contingency Reserve C. Management Overheads D. Project Management Planning B
11.	_____ is not part of the Earned Value calculations. A. Known Unknowns B. Unknown Unknowns C. Project Budget D. Amount of work completed B
12.	What is the BEST way to make an accurate forecasting of ETC? A. Manual Forecasting of cost of remaining work. B. $BAC - EV$ C. $(BAC - EV)/CPI$ D. $EAC - AC$ A
13.	If the Earned Value is equal to Actual Cost, it means: A. Project is on budget and on schedule B. Schedule Variance Index is 1 C. There is no schedule variance D. There is no cost variance D.
14.	Trend Analysis is BEST described as: A. Analyzing performance of similar projects over time B. Examining project performance over time C. Calculating Earned Value D. Calculating Cost Variance B
15.	Which of the following is not done as part of Performance Measurements? A. Calculating Planned Value B. Calculating Earned Value C. Calculating ETC D. Calculating Cost Variance B
16.	The project team is planning an upgrade to a computing capacity for the data center. During planning, the team members are confronted with the cost options for a new circuit that helps minimize the usage on the machinery. They consider the cost of purchasing the circuit for the time they need to develop the project. After that, the customer would take over the costs of the circuit. They are also considering a long-term commitment that the

	<p>customer can make with the utility provider, which would provide a less costly solution over the use of the system. What type of analysis is the team considering?</p> <p>A. Make-or-Buy analysis B. Life Cycle Costing C. Procurement Planning D. Fixed Cost</p> <p>B</p>
17.	<p>Which of the following measurements would a Project Manager use to track the efficiency of the progress of the schedule?</p> <p>A. Schedule Variance B. Gantt chart C. Variance Report D. Schedule Performance Index</p> <p>D</p>
18.	<p>Task A is worth \$400, is 95% complete, and actually cost \$395. Task B is worth \$350, is 90% complete, and actually cost \$330 so far. Task C is worth \$313, is 100% complete, and has cost \$310 so far. The total budget is \$2500. What is the Variance at Completion for the tasks listed?</p> <p>A. \$2668.09 B. \$1633.09 C. -\$168.09 D. \$2500</p> <p>C</p>
19.	<p>The project is using a new AI server that cost \$50,000 US. The Project Manager is told to set up depreciation for the server over a five-year schedule, with the server having a value of \$0 at the end of five years. Standard depreciation will be used in the calculation. What is the amount per year the server will depreciate?</p> <p>A. \$2,500 US B. Not enough information C. \$10,000 US D. \$5,000 US</p> <p>C</p>
20.	<p>Company-wide access badges are an example of what type of project cost?</p> <p>A. Variable B. Variable indirect C. Fixed direct D. Fixed</p> <p>B</p>
21.	<p>Task A is worth \$400, is 95% complete, and actually cost \$395. Task B is worth \$350, is 90% complete, and actually cost \$330 so far. Task C is worth \$313, is 100% complete, and has cost \$310 so far. The total budget is \$2500. What is the Estimate at Completion for the tasks listed?</p> <p>A. \$2668.09 B. \$2500</p>

	<p>C. \$1100.04</p> <p>D. \$690.63</p> <p>A</p>
22.	<p>The project team members are reviewing the project management plan, focusing on the rules for reporting updates on the project. The majority of their tasks are less than two reporting periods long. Which of the following will they likely use?</p> <p>A. Earned value</p> <p>B. Forecast reporting</p> <p>C. Fixed formula progress reporting</p> <p>D. Weighted milestone</p> <p>C</p>
23.	<p>The project is buying routers to expand the connections at an IDC. The finance department for the network company explains that the equipment will be depreciated using the Double Declining Balance (DDB) format. This is an example of what?</p> <p>A. Fixed Direct Cost</p> <p>B. Standard Depreciation</p> <p>C. Accelerated Depreciation</p> <p>D. Fixed Cost</p> <p>C</p>
24.	<p>The Project Manager has just received the charter. He is preparing an initial estimate called an order of magnitude (OOM) estimate. What is the range of an OOM estimate?</p> <p>A. -5% to +10%</p> <p>B. -10% to +5%</p> <p>C. -300% to +75%</p> <p>D. -25% to +75%</p> <p>D</p>
25.	<p>Task A is worth \$400, is 95% complete, and actually cost \$395. Task B is worth \$350, is 90% complete, and actually cost \$330 so far. Task C is worth \$313, is 100% complete, and has cost \$310 so far. The total budget is \$2500. What is the Cost performance index for the tasks listed?</p> <p>A. 0.937</p> <p>B. 0.946</p> <p>C. 1.16</p> <p>D. 1.10</p> <p>A</p>
26.	<p>Management Contingency Reserve is identified in which process:</p> <p>A. Estimate Activity Duration</p> <p>B. Estimate Costs</p> <p>C. Determine Budget</p> <p>D. Estimate Activity Resources</p> <p>C</p>
27.	<p>Project Cost Management Plan is created as a part of:</p> <p>A. Plan cost management process</p> <p>B. Estimate Cost process</p>

	<p>C. Determine Budget process</p> <p>D. Control Cost process</p> <p>A.</p>
28.	<p>A particular project in the domain of public offering requires that every employee should have the certificate. Which of the following inputs BEST conveys this requirement to the Cost Estimation process so that the certificate cost is estimated and subsequently budgeted?</p> <p>A. Enterprise Environmental Factor</p> <p>B. Organizational Process Assets</p> <p>C. Project Scope Statement</p> <p>D. Project Management Plan</p> <p>C.</p>
29.	<p>Analogous Cost Estimating is</p> <p>A. Generally Accurate</p> <p>B. Generally less accurate</p> <p>C. Uses statistical relationship between historical data and other variables</p> <p>D. Bottom-up estimating</p> <p>B</p>
30.	<p>Which is NOT true about Analogous Cost Estimating?</p> <p>A. Uses Expert Judgment</p> <p>B. Used when reference projects are similar</p> <p>C. Does not require high expertise on part of estimators as estimates are based on previous projects</p> <p>D. Useful in early phases of the project</p> <p>C</p>
31.	<p>Funding requirements for a project are usually in incremental amounts that are not continuous, and these appear as a step function in the graph depicting Cash flow, Cost baseline and Funding. Any gap at the end of the project, between the funds allocated and the cost baseline represents:</p> <p>A. Management reserves</p> <p>B. Contingency reserves</p> <p>C. Cost variance</p> <p>D. Charting error</p> <p>A</p>
32.	<p>Contingency Reserves are estimated costs to be used at the discretion of the project manager to deal with:</p> <p>A. Scope creep</p> <p>B. Anticipated and certain events</p> <p>C. Anticipated but not certain events.</p> <p>D. Unanticipated events</p> <p>C</p>
33.	<p>A project is estimated to cost \$ 50,000 with a timeline of 50 days. After 25 days, the project manager finds that 50% of the project is complete and actual costs are \$ 50,000. What is the Cost Performance Index (CPI) ?</p>

	<ul style="list-style-type: none">A. The CPI is 2B. The CPI is 0.5C. The CPI is 1D. The CPI is 1.5 B
34.	<p>Which of these are not inputs to the Determine Budget process?</p> <ul style="list-style-type: none">A. Cost baseline, requirements traceability matrixB. Basis of estimates, activity cost estimatesC. Project schedule, resource calendarsD. Project schedule, agreements A