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**Cost Management Plan**

**<Asia Pacific College Clinic System>**

**Asia Pacific College**

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**Table of Contents**

[Introduction 2](#_Toc134038921)

[Cost Management Approach 3](#_Toc134038922)

[Measuring Project Costs 4](#_Toc134038923)

[Reporting Format 8](#_Toc134038924)

[Cost Variance Response Process 9](#_Toc134038925)

[Cost Change Control Process 10](#_Toc134038926)

[Project Budget 11](#_Toc134038927)

# Introduction

As healthcare continues to evolve, the implementation of the E-Cliniq system has become essential for Asia Pacific College’s clinic. E-Cliniq is a system where a digital version of a patient's medical record can be accessed and updated in real-time by authorized personnel of the clinic. The use of the E-Cliniq system in a school clinic can significantly improve the quality of health care provided to students and school staff, medicine inventory management, setting and managing appointments.

This cost management plan will outline the various costs associated with implementing the E-Cliniq system to the school clinic, including hardware and software expenses, training and support costs, and ongoing maintenance and upgrades. By following this cost management plan, the school clinic can successfully implement the E-Cliniq system and provide high-quality healthcare services to their students.

Cost management responsibilities:

* The Project Sponsor will be responsible for cost management of the project and will be the primary point of contact for all cost-related issues.
* The Project Manager will be responsible for monitoring project costs and ensuring that they are within the approved budget.

Cost change Approval:

* All cost changes must be approved by the Project Sponsor before they are implemented.

Budget format and standards:

* The budget will be presented in a clear concise format using an Excel spreadsheet.
* The budget will be broken down into individual line items with detailed cost estimates for each item.

# Cost Management Approach

The cost management approach for the E-Cliniq will be based on the following principles:

1. Clear definition of costs:

* The project team will work closely with the stakeholders to carefully take notes of the project's costs, including hardware, labor, and hosting expenses.

1. Cost estimates:

* The project developers will use cost estimation techniques to ensure the project budget is accurate and realistic using bottom-up estimation.

1. Cost management roles and responsibilities:

* Clear roles and responsibilities for cost management will be defined and communicated to all project team members.

1. Approval process for changes:

* A formal process for approving changes in the project or the budget for the project will be established and implemented. Details are discussed in the Cost Change Control Process section.

1. Reporting and communication:

* Regular cost reports will be prepared and shared with stakeholders including the project sponsor, team, and management. Details are discussed in the Reporting Format section.

By practicing these principles and practices, the project team will be able to effectively manage costs and ensure that the project stays on budget.

# Measuring Project Costs

The Cost Management Plan for the E-Cliniq System project will include a

detailed approach for measuring project costs using Earned Value Management (EVM) (citation needed). This will involve capturing and reporting on various Earned Value metrics, such as:

1. Budgeted Cost of Work Scheduled (BCWS) or Planned Value (PV) – This will measure the

budgeted costs of the work that was planned to be completed at a specific point in time.

Example:

To calculate the BCWS or Planned Value, we need to multiply the total labor cost of the TESTING WBS by its percentage of completion:

BCWS = Total labor cost of TESTING WBS x Percentage of completion

= (PHP 300,000) x 33.71%

= PHP 101,130

Therefore, the Budgeted Cost of Work Scheduled (BCWS) or Planned Value (PV)

for the TESTING WBS is PHP 101,130.

2. Budgeted Cost of Work Performed (BCWP) or Earned Value (EV) - This will measure the budgeted costs of the work that has been completed at a specific point in time.

Example:

To calculate the Budgeted Cost of Work Performed (BCWP) or Earned Value (EV), we need to know the percentage of work completed for each task or WBS element.

Assuming that the percentage of completion for each of the Testing Phase tasks are as follows:

Week 26: Testing Phase 1 - 100%

Week 27: Testing Phase 2 - 75%

Week 28: Testing Phase 3 - 50%

Week 29: Testing Phase 4 - 25%

Then, we can calculate the Budgeted Cost of Work Performed (BCWP) or Earned

Value (EV) as follows:

EV = BCWS x % of work completed

EV = (₱300,000 x 33.71%) + (₱75,000 x 8.43% x 0.75) + (₱75,000 x 8.43% x 0.50) + (₱75,000 x 8.43% x 0.25)

EV = ₱101,130 + ₱4,732.50 + ₱3,155 + ₱1,577.50

EV = ₱110,595

Therefore, the Budgeted Cost of Work Performed (BCWP) or Earned Value (EV)

is ₱110,595.

3. Actual Cost of Work Performed (ACWP) or Actual Cost (AC) - This will measure the actual

costs incurred for the work that has been completed at a specific point in time.

Example:

Assuming that the Actual Cost for the TESTING WBS is PHP 120,000, then:

AC = PHP 120,000

Therefore, the Actual Cost of Work Performed (ACWP) or Actual Cost (AC) is PHP 120,000.

These metrics will be used to perform cost variance analysis (CV), schedule performance index (SPI), and cost performance index (CPI) to measure the project's cost performance over time.

To assist in capturing these metrics, the project team will use project management software that is capable of tracking and reporting on EVM metrics. This software will also be used to

forecast future project costs, and to review cost performance over time, across work packages or schedule activities.

a) Cost Variance (CV) measures the difference between the actual cost and the planned cost

of the project. It is calculated by subtracting the actual cost from the planned cost. A

negative CV indicates that the project is over budget, while a positive CV indicates that the

project is under budget.

Example:

To compute the Cost Variance (CV), we need to subtract the Actual Cost of Work

Performed (ACWP) or Actual Cost (AC) from the Budgeted Cost of Work

Performed (BCWP) or Earned Value (EV).

From the previous example, the BCWP or EV is ₱110,595, and the ACWP or AC is ₱120,000.

CV = EV - AC

CV = ₱110,595 - ₱120,000

CV = -₱9,405

Therefore, the Cost Variance (CV) for the Testing WBS is -₱9,405. A negative

CV means that the project is over budget.

b) Schedule Performance Index (SPI) measures the project's schedule performance by

comparing the planned schedule to the actual schedule. This index is calculated as the ratio of the BCWP to the BCWS. It is calculated by dividing the earned value by the planned value. A value of 1 indicates that the project is on schedule, while a value less than 1 indicates that the project is behind schedule, and a value greater than 1 indicates that the project is ahead of schedule.

Example:

From the previous computations, we have:

Earned Value (EV) = ₱110,595

Planned Value (PV) = ₱101,130

Plugging these values into the formula, we get:

SPI = EV / PV

SPI = ₱110,595 / ₱101,130

SPI = 1.093

Therefore, the Schedule Performance Index (SPI) is 1.093. This indicates that the project is ahead of schedule, as the SPI is greater than 1.

c) Cost Performance Index (CPI) measures the project's cost performance by comparing the

actual cost to the planned cost. This index is calculated as the ratio of the BCWP to the

ACWP. It is calculated by dividing the earned value by the actual cost. A value of 1

indicates that the project is on budget, while a value less than 1 indicates that the project is over budget, and a value greater than 1 indicates that the project is under budget.

Example:

To calculate the Cost Performance Index (CPI), we need to use the following formula:

CPI = EV / AC

where:

EV = Earned Value (BCWP)

AC = Actual Cost (ACWP)

From the previous computations, we have:

EV = ₱110,595

AC = ₱120,000

CPI = EV / AC

CPI = ₱110,595 / ₱120,000

CPI = 0.9216

Therefore, the Cost Performance Index (CPI) is 0.9216. This means that for every one peso spent, the project has earned only 0.92 pesos of value. This indicates that the

project is behind budget and may need to take corrective actions to bring the costs in line with the planned budget.

In summary, the Cost Management Plan will ensure that the project costs are effectively managed and controlled throughout the project’s lifecycle by using Earned Value Management

metrics, schedule performance index, and cost performance index. These metrics will help the

team to identify the areas where the project is underperforming and take corrective actions to bring the project back on track.

# Reporting Format

The reporting format for the cost management plan of the E-Cliniq system would be a detailed spreadsheet. This format should include all the relevant costs that the system would have such as actual costs and budget, and other discrepancies.

In addition, the format should be easily understandable and accessible to all stakeholders, including the project team, stakeholders, and management. A bar chart can also be included to provide visual representation of costs.

The reporting format for the cost management plan of the E-Cliniq system would include the following:

1. Executive summary:

A brief overview of the cost management plan including the project’s overall budget and major cost variances or issues.

1. Budget overview:

A detailed breakdown of the budget for the project that includes the total project cost and cost of other resources (e.g., Labor, Hosting, Equipment, etc.).

1. Cost Variance Analysis:

A detailed analysis of any variances between the project’s actual costs and the budgeted costs. This should include a detailed explanation of the causes of the variances, the impact on the project and any action taken to address them.

1. Budget forecast:

A projection of the project’s future costs, including any potential cost variances and their potential impact on the project

1. Approval and Sign-off:

A section for the project manager and other key stakeholders to review, approve and sign off on the cost management plan.

1. Appendices:

Any additional documentation or supporting materials such as detailed cost and breakdowns, invoices or change requests.

# Cost Variance Response Process

The Cost Variance Response process for the E-Cliniq system will be as follows:

1. Control Thresholds:

* The project will have control thresholds set for cost variance.
* These thresholds will be set at 10% and 20% of the total project budget.
* If the project triggers any of these thresholds, it will be considered a cost variance.

1. Identification of Variance:

* The project Manager will be responsible for identifying any cost variances and reporting them to the Project Sponsor.

1. Analysis of Variance:

* The Project Manager will analyze the variance to determine the root cause of the problem and develop options for corrective action.
* The Project Manager will also consider the impact of the variance on the project schedule and scope.

1. Presentation of Options:

* The Project Manager will present the options for corrective action to the Project Sponsor.
* The options will be based on the root cause of the variance and impact on the project schedule and scope.

1. Approval and Corrective Action:

* The Project Sponsor will review the options and approve an appropriate action to bring the project back on budget.
* This may include increasing the budget, reducing the scope or quality or implementing other corrective actions.

1. Implementation of Corrective Action:

* The Project Manager will implement the approved corrective action and monitor the results.
* The Project Manager will also update the project schedule and budget accordingly.

1. Reporting:

* The Project Manager will report on the cost variance, corrective action taken and the results of the corrective action in the Monthly Project Status Report.
* The Project Manager will also provide updates on the project budget and schedule.

The Cost Variance Response process will be an ongoing process throughout the project lifecycle. The project Manager will be responsible for monitoring and controlling the project costs, and the Project Sponsor will be responsible for approving any corrective actions needed.

# Cost Change Control Process

The cost change control process will include the following steps:

1. Identification of the cost change:

* Any proposed changes to the project budget or costs must be identified and documented on a cost change request form.

1. Analysis of the cost change:

* The proposed change will be analyzed by the project team to determine the potential impact on the project schedule, resources, and overall budget.

1. Approval of the cost change:

* The cost change request will be reviewed and approved by the project sponsor and other relevant stakeholders.

1. Implementation of the cost change:

* Once approved, the cost change will be implemented in accordance. The cost change control process will follow the established project change request process. Approvals for project budget/cost changes must be approved by the project sponsor.

1. Tracking and monitoring of the cost change:

* The project team will track and monitor the cost change's impact on the project schedule and budget, and any necessary adjustments to ensure it is still on track.

1. Reporting on the cost change:

* The cost change will be reported in the monthly status report along with any relevant financial information and any corrective actions.

The cost change control process will be implemented to ensure that any changes to the project budget are identified, analyzed, and lastly, approved promptly. This will help minimize the impact of cost changes and maximize productivity and will make sure that the project is still on track.

# Project Budget

The approved budget given by our Project Sponsor for the E-Cliniq system is something that the Project Team can work around with for the next 10 years. The budget includes direct costs such as salary for the development team based from Indeed, specified in the area of Makati, indirect costs, and it is designed to provide the project team and stakeholders with a comprehensive understanding of financial resources.

Approved Budget:

Direct Costs:

Labor and Maintenance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Quantity | Period (in months) | Unit Cost | Total Cost |
| Maintenance Cost  (After implementation) | 1 | 120 | PHP 1,000.00 | PHP 120,000.00 |
| Manpower Cost (Junior Developer) | 3 | 9 | PHP 25,000.00 | PHP 675,000.00 |
| Manpower Cost (Project Manager) | 1 | 9 | PHP 39,000.00 | PHP 351,000.00 |
| Manpower Cost (Quality Assurance Analyst) | 1 | 9 | PHP 25,000.00 | PHP 225,000.00 |
| Total Project Cost |  |  |  | PHP 1,371,000.00 |

Equipment/Hardware

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Quantity | Period (in months) | Unit Cost | Total Cost |
| Hardware Cost (Developer PC) | 3 |  | PHP 40,000.00 | PHP 120,000.00 |
| Hardware Cost (Project Manager and QA Laptops) | 2 |  | PHP 30,000.00 | PHP 60,000.00 |
| Total Project Cost |  |  |  | PHP 180,000.00 |

Indirect Costs:

1. Web hosting
2. Administrative Roles

**Sponsor Acceptance**

Approved by the Project Sponsor:

Date:

<Mr Jojo F. Castillo >

<Clinic Head of Asia Pacific College>

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