

## Project Budget Issues Scenarios/Exercise

### Scenario 1

You are reviewing your project budget information and see an issue. Your project management tool (like Microsoft Project) gives you a set of numbers for spending for the month, and you get a totally different set of numbers from your accounting department. What should you do?

### Scenario 1 Solution

There are two actions you can take. First, check the time periods for the data. Microsoft Project will default to using calendar months, unless you configure it to collect data otherwise. Accounting departments typically set "accounting months," which typically end at the end of a calendar week. The differences in your numbers could be related to the different time periods.

If that is not the issue then check the details to see what has been accounted for by the accounting department, and what costs are included in your reports from Microsoft Project. Often, invoices will take time to be processed by accounting, so the items included in their reports may not be included in your Microsoft Project report (or vice versa), which would account for the differences in the numbers.

### Scenario 2

You are going through your budget and spending numbers and find there are items being charged to your budget that you were not aware of or you were not tracking. What should you do?

### Scenario 2 Solution

There are two things you should verify in this instance. First, you may have overlooked things your organization charges to projects across the organization. Things like management overhead, administrative costs, or other items are sometimes distributed across departments and projects. Look carefully for costs of this nature and adjust your budget accordingly (and review with your sponsor!), if that is the case.

Second, check and see what cost codes are assigned to your project and what cost codes are assigned to the items being charged to your project that surprised you. Often, people will inadvertently use the wrong charge codes, or charge codes will be allocated incorrectly. Verify the charges you see actually belong to your project.

## Scenario 3

You examine your budget status and you find you are further under budget than you expected. While this may appear to be good news, it makes you uncomfortable because you don't want things to suddenly "get corrected" and you find yourself in the exact opposite situation—OVER budget. What should you do?

### Scenario 3 Solution

The timing of items hitting your budget is the likely cause of the difference between your expectation and the budget status you are seeing. Check to see if you have items you have recorded as costs that aren't in your status reports. Also, make sure cost allocations you have tracked have been billed to you as you expected. For example, you may have allocated costs for travel monthly, and the accounting department allocates travel costs on a quarterly basis. Timing of the allocation of costs could account for the differences.