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| Iota Gamma Directory Conversion  [This Photo](https://whatisprojectmanagement.wordpress.com/) is licensed under [CC BY-NC-ND](https://creativecommons.org/licenses/by-nc-nd/3.0/) | Cost Management  Working Group 4  Peter Palmisano, Instructor  November 26, 2017 |

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# Introduction

The project manager (PM) will be responsible for managing and reporting on the project’s cost throughout the duration of the project. While there is no expected change to the organization’s budget, the PM will consistently update the project sponsor (PS) on cost status during the during monthly status report. The PM is responsible for accounting for cost deviations and presenting the PS with options for getting the project back on budget. The PS has the authority to make changes to the project to bring it back within budget.

# Cost Tracking

Costs for this project will be managed according to the materials needed for hosting the website. Given that there will only be one purchase – the domain and web hosting service are incurred under the same purchase, a simple cost variance will suffice for tracking cost.

The cost variance will be calculated as the expected cost less the actual cost. The cost variance must not exceed 10USD for the initial cost estimate nor 5USD for its expected yearly maintenance. Any costs that cross this threshold will require corrective action from the PM and/or the PS as elaborated on under the change management plan.

It should be noted that while the schedule costs are normally tracked under the cost management plan, all schedule-related tracking will be explained in the schedule management plan. There are no additional costs for added labor, nor is there any other expected incurring costs related to schedule variance.

# Reporting Format

Reporting for cost management will be included in the monthly project status report. The status report will include a section labeled, “Cost Management”. This section will indicate the status of the service purchase: estimated, change requested, or incurred. Additionally, change requests and receipt will be identified, and their archive location will be explicit.

# Cost Change Control Process

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.

# Project Budget

The cost for the project will include the cost for the year for the purchased service. Subsequent years will incur a maintenance that must be taken into consideration when paying for the initial service. The project budget, including the maintenance expense, is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **COMPONENT** | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| Web Hosting Service | $15 | $30 | $30 |
| Domain | $0 | $15 | $15 |
| **Total** | **$15** | **$45** | **$45** |

# **Sponsor Acceptance**

Approved by the Project Sponsor:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Shelly Worrell  
Project Sponsor

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_