

Project Cost Management

**Prepared by
Dr. Hoda Metwally**

PMG 213

Introductory lecture



The background features a series of vertical panels with rounded ends. The first panel shows hands typing on a laptop. The second panel shows a laptop screen with a play button icon. The third panel shows a target icon. The fourth panel shows an open book and a magnifying glass icon. The fifth panel is a solid light blue color.

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Introductory lecture

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Experience in teaching Accounting.

Topics:

1. Project cost estimating.
2. Project cost budgeting and control.
3. Estimating approaches and models.
4. Improving the estimation process.

5-Value management.

6-Time and cost change management.

7-Impact of cost-estimation changes on project.

Learning Outcomes:

- Analyze the project's goals and select an appropriate cost-estimation approach.
- Prepare a cost estimate and analyze staff resources, cost drivers, contingency costs, and management reserves.
- Establish a cost baseline by applying the cost budgeting process.

- Analyze project performance by applying the cost control process.
- Evaluate types of resource costs necessary to draw up a complete cost estimate, and determine the accounting category of each, such as direct, indirect, capital, and operating.
- Managing changes in a project.

Lecture 1: Project Management Framework Contents

What is a Project ?

What is cost Management ?

Importance of Project Management

Project, Program, and Portfolio

The Project Life Cycle

Project Influences

Organizational Structure

The Role Of The Project Manager

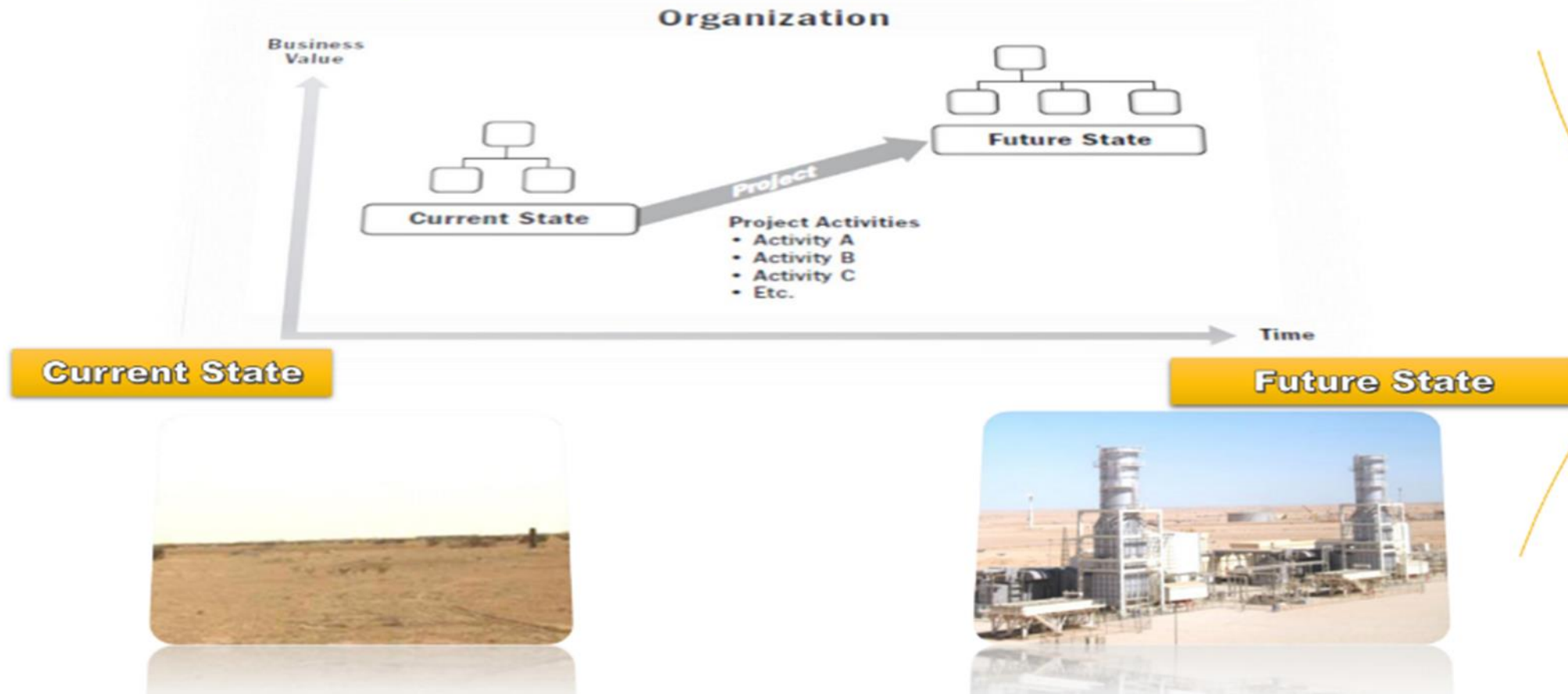
What is a Project?

Temporary effort undertaken to create a unique service or product or result.

Temporary means has a definite beginning and a definite ending.

Unique means different design , different location ,different circumstances....etc.

Projects drive change



Project VS Operation



Project



Operations

Cost Management :

Is the process of planning and controlling the budget of a business .

Budget:

Is a spending plan based on income and expenses. It's an estimate of how much money will be made and spent in a definite future time.

Cost management is a form of management accounting that helps businesses to avoid exceeding the budget with more accurate forecasts of expenditures.

Stages of Cost Management:

1-Set up:

A stage in which managers determine what is included in the cost management plan. It identifies the stakeholders , tools and data structure needed to track costs.

2-Resource planning:

This stage identifies the resources needed to complete the project (ex: materials, assets staff). It determines resource allocation including the amount of the resource needed for how long and how it will be allocated. (resources are allocated to tasks).

3- Budgeting and cost estimation:

In this stage the project scope is refined, the cost and duration of each task are estimated and a budget is created.

4- Cost control:

As the project progresses as managers track how costs differ from estimated budget and take corrective actions must be taken to reduce these deviations. So in this stage costs are monitored , reported , controlled and adjusted .



Thank You