



Australian Government

BSBPMG412A Apply project cost-management techniques

Release 1

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Modification History

Release	Comments
Release 1	<p>This version first released with <i>BSB07 Business Services Training Package Version 8.0</i>.</p> <p>Replaces BSBPMG403A Apply cost management techniques.</p>

Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to assist in producing a project budget, to monitor project expenditure and to contribute to cost finalisation processes.

Application of the Unit

This unit applies to a project practitioner working in a project support role.

The individual may be operating in a large or small organisation and applying skills in the context of enterprise projects.

The project practitioner may be part of a project team under the direction of a project manager, or may work as part of a smaller scale self-directed team.

This unit has generic application to a range of industries and organisations and a range of projects, from simple to complex.

In the context of this unit a project is defined as involving:

- a practical and comprehensive project plan
- a documented communications strategy
- a detailed project budget
- strategic engagement with stakeholders
- a risk, issues and change-management methodology
- a quality plan with assurance and control processes
- a supportive team-based environment.

The functions performed in project work, where formal project management methodology is not the main focus, are covered by BSBPMG522A Undertake project work.

Licensing/Regulatory Information

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Element	Performance Criteria
<i>Elements describe the essential outcomes of a unit of competency.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.</i>

Elements and Performance Criteria

1. Assist in developing the project budget	<p>1.1 Implement <i>cost-estimating methods</i> against duration/effort and resource requirements</p> <p>1.2 Determine estimated costs for tasks and activities and confirm degree of accuracy with relevant stakeholders</p> <p>1.3 Communicate <i>cost estimates</i> where required to <i>others</i> to contribute to project budget and cash flow management</p> <p>1.4 Contribute to developing cost-management strategies and processes, and providing financial authorisation within delegated authority</p>
2. Monitor project costs	<p>2.1 Monitor income and expenditure against the project budget baseline at predetermined intervals</p> <p>2.2 Identify and report variations in the budget using established <i>project cost methods, techniques and tools</i></p> <p>2.3 <i>Implement action</i> and report progress to ensure cost objectives remain achievable throughout the project life cycle</p>
3. Contribute to cost-finalisation process	<p>3.1 Assist in the finalisation and transfer of financial assets, liabilities and records to relevant parties</p> <p>3.2 Assist in the review of project outcomes through the use of <i>project cost records</i> to determine the effectiveness of cost-management processes</p> <p>3.3 Document cost-management lessons learned for application to future projects</p>

Required Skills and Knowledge

This section describes the skills and knowledge required for this unit.

Required skills

- financial management skills to develop project budgets, monitor costs and report on cost management
- literacy skills to:
 - communicate cost information to project stakeholders
 - report on project costs and financial records
- numeracy skills to check and interpret project budgets
- technology skills to use financial-management software to develop and monitor project budgets.

Required knowledge

- budgeting processes and their relationship to the project life cycle
- cost-management tools and techniques.

Evidence Guide

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the following is essential:</p> <ul style="list-style-type: none"> • applying cost-management techniques in relation to project budgets • reviewing project cost-management outcomes • communicating project cost budget to others effectively • knowledge of cost-management tools and techniques.
Context of and specific resources for assessment	<p>Assessment must ensure access to:</p> <ul style="list-style-type: none"> • examples of project-management budgets and related financial documentation • evidence or project records of involvement in cost-management processes.
Method of assessment	<p>A range of assessment methods should be used to assess practical skill and knowledge. The following assessment methods are appropriate for this unit:</p> <ul style="list-style-type: none"> • direct questioning combined with review of portfolios of evidence and third-party workplace reports of on-the-job performance by the candidate • analysis of responses addressing different project cost-management scenarios • oral or written questioning to assess knowledge of strategies for managing project costs • analysis of budgets and costing prepared by the candidate • review of communication to others of estimated costs for tasks and activities for inclusion in project budget • evaluation of reporting on cost-management issues and responses to project or program manager.
Guidance information for assessment	<p>Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.</p>

Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<i>Cost-estimating methods</i> may include:	<ul style="list-style-type: none"> • allowance for contingency and risk • cost of quality (COQ) • expert opinion • organisational budget and cost-control policy • organisational chart of accounts • parametric estimating • prior project history • reserve analysis • review of organisational records • top-down or bottom-up estimating.
<i>Cost estimates</i> may include:	<ul style="list-style-type: none"> • application and registration fees for intellectual property (IP) and patents • contingencies identified in risk assessment • facilities • fixed costs • labour • material • project-management overheads • services • travel and accommodation • variable costs.
<i>Others</i> may include:	<ul style="list-style-type: none"> • higher project authority • organisation finance controller • project manager • project specialists and other personnel • relevant accounting support personnel • team members.
<i>Project cost methods, techniques and tools</i> may include:	<ul style="list-style-type: none"> • communication with stakeholders • dispute-resolution and modification procedures • implementation of financial control mechanisms • industry standard cost-management software • integration with organisational finance systems • organisational procurement policy • measurement of actual progress against planned milestones

	<ul style="list-style-type: none"> • preferred and pre-qualified supplier costs • project accounting methods • recording and reporting of variations.
<i>Implement action</i> may include:	<ul style="list-style-type: none"> • revised budget forecasts • under limited guidance and supervision • variance management • within agreed authorisation and limits • within established organisational framework, procedures and routines.
<i>Project cost records</i> may include:	<ul style="list-style-type: none"> • cost-management lessons learned • cost verification and validation documentation • input to cost-management plans • invoice and payment records • lists of potential costs • project and/or organisation files and records • reports to relevant stakeholders.

Unit Sector(s)

Management and Leadership – Project Management