



Australian Government

BSBPMG514A Manage project cost

Release 1

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Modification History

Release	Comments
Release 1	This version first released with <i>BSB07 Business Services Training Package Version 8.0</i>. Replaces BSBPMG504A Manage project costs.

Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to identify, analyse and refine project costs to produce a budget, and to use this budget as the principal mechanism to control project cost.

Application of the Unit

This unit applies to those responsible for managing and leading a project in an organisation, business or as a consultant.

The project manager operates according to assigned authority levels, and is responsible for own performance and the performance of others.

The project manager may undertake the work in the context of an organisational program and/or portfolio of projects.

This unit has generic application for projects in a range of industries, organisations and contexts.

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

- a comprehensive, detailed and integrated project management plan
- a formal communications plan
- a dedicated and project-based budget
- formal and planned engagement with a wide range of stakeholders
- a documented risk, issues and change-management methodology
- a quality plan with assurance and control processes
- a project team-based environment.

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. Determine project costs	1.1 Determine resource requirements for individual tasks identified in the work breakdown structure, with input from stakeholders and guidance from others 1.2 Estimate project costs to enable project budget to be prepared within agreed tolerances 1.3 Develop a project budget 1.4 Develop a cost-management plan, within delegated authority, to ensure clarity of understanding and ongoing management of project finances
2. Monitor and control project costs	2.1 Implement agreed financial-management processes and procedures to monitor actual expenditure against budget 2.2 Select and use cost-analysis methods and tools to identify cost variations and evaluate alternative actions 2.3 Implement and monitor agreed actions to maintain financial objectives 2.4 Provide accurate and timely financial reports
3. Complete cost-management processes	3.1 Conduct appropriate activities to signify financial completion 3.2 Review project outcomes using available records to determine the effectiveness of project cost management 3.3 Review cost-management issues and document improvements

Required Skills and Knowledge

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

Required skills

- analytical skills to evaluate processes and recommend improvements
- numeracy and budgeting skills to monitor expenditure and manage project costs
- technology skills to use software for recording expenditure and reporting on the project budget and costs.

Required knowledge

- budgeting processes, tools and techniques
- methods and tools for costing and cost analysis.

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	Evidence of the following is essential: • applying budgetary processes, tools and techniques relevant to the project context • monitoring project costs across the project life for a project of sufficient complexity to demonstrate the full range of performance requirements • preparing a budget for a project.
Context of and specific resources for assessment	Assessment must ensure: • access to workplace documentation, including budgets and other financial documents • consideration of feedback from project stakeholders on how costs were managed.
Method of assessment	A range of assessment methods should be used to assess practical skill and knowledge. The following examples are appropriate for this unit: • direct questioning combined with review of portfolios of evidence and third-party workplace reports of on-the-job performance by the candidate • oral or written questioning to assess knowledge of strategies for managing project costs and their application in different situations • analysis of responses addressing case studies and scenarios that present issues and problems in project cost management • review of developed and implemented cost-management plan • review of documentation about project outcomes, cost-management issues and identified improvements.
Guidance information for assessment	Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

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.

Resource requirements may include:	• equipment • facilities • fees and charges • human resources • materials • services • statutory costs.
Others may include:	• program manager • project specialists • relevant project authority • subject matter experts • team members.
Project costs are estimated considering:	• contingencies to allow for identified risks and uncertainty • degree of accuracy required (tolerance levels) • information available at the time • organisational requirements, for example overhead and profit margin • work breakdown structure.
Delegated authority means that activities will:	• be conducted routinely or as changing circumstances dictate • be done independently within broad guidance • involve consultation with other project members, teams and internal stakeholders • involve taking a lead role in a team where required • involve the selection, use and supervision of appropriate cost-management methods, tools and techniques • take into account internal organisational change and external environmental change.
Financial-management processes and procedures may include:	• approval processes • communication and reporting processes • financial authorisations and delegations • invoice procedures • organisational chart of accounts links.
Financial completion	• allocations and distributions • final payments

may include:	• financial reports • organisational project accounting procedures • project accounts finalisation • variations statement.
Review may include evaluations of:	• agreed major milestones, for example phases and subcontracts • change of key personnel • contingencies • delivery of major deliverables • finalisation of project and other agreed milestones • variations.
Records may include:	• budgets, commitment and expenditure • cash flows • cost-management lessons learned • cost-management plans • invoice and payment summaries • lists of potential costs • project and/or organisational files and records • quotations • recommended and approved courses of action • reports to relevant stakeholders.

Unit Sector(s)

Management and Leadership – Project Management