

FIN-868 Project Budgeting

1. The Cost Budgeting course addresses the identification, elaboration, planning, and management of the project budget. Including selected processes from the PMI Integration, Cost, Scope and Risk Knowledge Areas, this class addresses the development of a Project Cost Estimate, Project Budget, and the Project Budget Baseline. In addition it addresses the preparation of a spending profile that supports variance analysis and corrective action using Earned Value Management. Using a combination of theory based lecture and hands on exercises, students are provided with an effective skill set for developing and controlling the project budget baseline.

2. **Objective**

- a. Fluency in cost estimating methods
- b. Skills and tools allowing the development of a project cost estimate
- c. Development and management of the Cost Baseline
- d. Ongoing cost baseline management and control
- e. Individual Work
- f. Decision making

Outcomes

3. The aim of the course is to prepare the students to the use of budgets in business organizations. It aims to help students to apply financial disciplines to the management of organizations as well as to set up and operate a budgetary control system. The course is intended to be a useful practical aid to all students who want to go deeply in understanding the work of the budgetary control within a business firm. Upon successful completion of this course students will be able to

- a. "Cost Estimating Relationships"
- b. How to read and analyze a project cost estimate
- c. Time-Phased Budgeting -how to prepare the budget/cost baseline
- d. A comprehensive introduction to cost variance analysis and cost control
- e. Analyse and pose business goals for the next period
- f. Evaluate the factors influenced the financial risk
- g. Prepare and plan the budget planning for each unit or activity of the firm
- h. Prepare and plan the master budget of the firm

- i. Prepare financial statements
- j. Use Sensitivity Analysis approaches to predict economic outcomes

Contents

1. Relevant costing

Payback

Benefit: Cost ratios

Rate of return

Net Present Value

2. Introduction to Cost Management processes

Triple Constraint

Project Management Plan

WBS

Resource Estimates

Time-Phased Budget

3. Introduction to Cost Management processes

Triple Constraint

4. Plan Cost Management

Purpose

Cost Management Plan

5. Determine Budget

Context

Purpose of Determine

Budget

Determine Budget tools and techniques

Cost aggregation

Reserve analysis

Funding limit reconciliation

Reserves

Contingency reserve

Management reserve

Cost baseline

6. Control Costs

Context

Monitoring and controlling the project

Integrated Change Control

Purpose of Control Costs

Calculating variance analysis

7. Earned Value Management

Purpose

Introduction

Earned value rules

Earned value formulas and calculations

Earned value graph

Forecasting

To Complete Performance Index

8. An Introduction to Budgeting

9. Administration of the Budgetary Process

10. Risk analysis

11. Financial Objectives and Budgets

12. Operating and Expenditure Budget

13. Budgeting for Asset Costs

14. Funds Flow and Working Capital Budget
15. Performance Monitoring and control
16. Capital Expenditure Budget
17. Income Budget
18. Budgeting Financial Statements
19. Forecast versus Budget
20. Reporting

Text and reference books

1. **Capital Budgeting Financial Appraisal of Investment Projects**

Publisher: Cambridge University Press

ISBN no. 0-511-03064-9, 0-521-81782-X, 0-521-52098-3

2. **Project Management Accounting, with Website: Budgeting, Tracking, and Reporting Costs and Profitability (Wiley Corporate F&A)**

Author: Kevin R. Callahan, Gary S. Stetz, Lynne M. Brooks

Publisher: Wiley

ISBN: 0470952342, 9780470952344, 9781118078211, 9781118078228,
9781118078204

3. **Project Management Accounting: Budgeting, Tracking, and Reporting Costs and Profitability, 2nd Edition**

Kevin R. Callahan, Gary S. Stetz, Lynne M. Brooks

ISBN: 978-1-118-07822-8