




# Cost management


## **Project Cost Management**

It comprises estimating, recording and control of the costs of human and material resources of the project

## Types of Costs

Project allows you to manage four types of costs:

 **Resource rates:** Variable cost depending on the use of resources. Defined in the “Resource sheet”, in the columns “Standard rate” and “Overtime rate” for work resources, and “Standard rate” for material type resources.

		Resource Name	Email Address	Type	Material	Initials	Group	Max.	Std. Rate	Ovt. Rate	Cost/Use	Accrue	Base
1		James Paterson		Work		J	Consultants	100%	\$50.00/hr	\$100.00/hr	\$0.00	Prorated	Standard
2		Interior Paint		Material	One Gallon	I	Materials		\$40.00		\$0.00	Prorated	

## Types of Costs


**Cost per use:** Fixed cost for using a material or labor resource on a task. Defined in the “Resource Sheet”, in the “Cost / Use” column.

Resource Name	Email Address	Type	Material	Initials	Group	Max.	Std. Rate	Ovt. Rate	Cost/Use	Accrue	Base	Code
Marie Smith		Work		M	Consultants	100%	\$40.00/hr	\$80.00/hr	\$0.00	Prorated	Standard	
Desktop		Material		D	Computer equipm		\$6.00		\$36.00	Prorated		

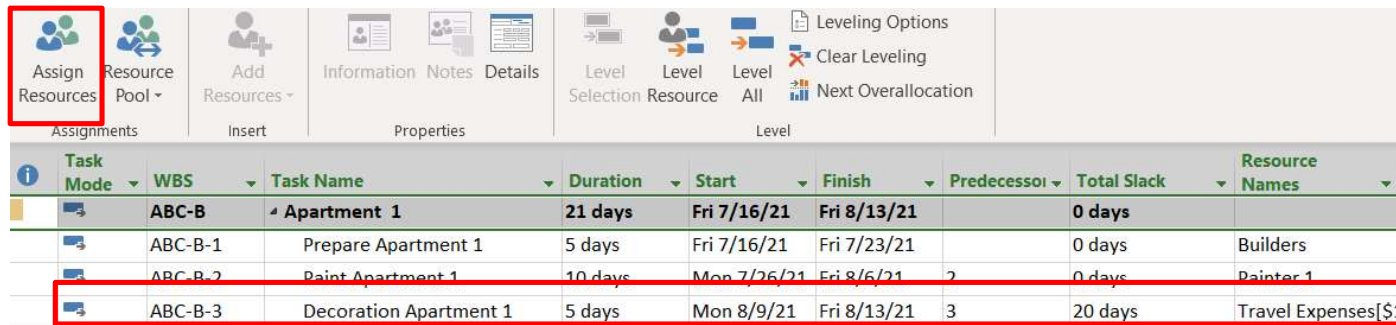
## Types of Costs

**Cost-type resource:** Monetary expenses incurred in the execution of a task. Example: lodging, travel expense, per diem, etc.

The resource is created in the “Resource Sheet” without setting any cost.

		Resource Name	Email Address	Type	Material	Initials	Group	Max.	Std. Rate	Ovt. Rate	Cost/Use	Accrue
1		Marie Smith (Decorator)		Work		M	Consultants	100%	\$40.00/hr	\$80.00/hr	\$0.00	Prorated
2		Travel Expenses		Cost		T	Travel Expenses					Prorated

To assign the amount of the expense "Assign resource" window, in the "Cost" column, for each of the tasks. Assign the cost on the resources name for the task, then select the task and then, assign resources



Task Mode	WBS	Task Name	Duration	Start	Finish	Predecessor	Total Slack	Resource Names
	ABC-B	Apartment 1	21 days	Fri 7/16/21	Fri 8/13/21		0 days	
	ABC-B-1	Prepare Apartment 1	5 days	Fri 7/16/21	Fri 7/23/21		0 days	Builders
	ABC-B-2	Paint Apartment 1	10 days	Mon 7/26/21	Fri 8/6/21	2	0 days	Painter 1
	ABC-B-3	Decoration Apartment 1	5 days	Mon 8/9/21	Fri 8/13/21	3	20 days	Travel Expenses[\$:

Assign Resources

Task: Decoration Apartment 1

+ Resource list options

Resources from Practice W1

Resource Name	R/D	Units	Cost
<input checked="" type="checkbox"/> Desktop		1	\$42.00
<input checked="" type="checkbox"/> Marie Smith (Decorato		100%	\$1,600.00
<input checked="" type="checkbox"/> Travel Expenses			\$1,000.00
<input type="checkbox"/> Builders			
<input type="checkbox"/> Interior Paint			
<input type="checkbox"/> James Paterson			
<input type="checkbox"/> Painter 1			
<input type="checkbox"/> Painter 2			
<input type="checkbox"/> Painter 3			

Assign Remove Replace... Graph Close Help

Hold down Ctrl and click to select multiple resources

## Types of Costs

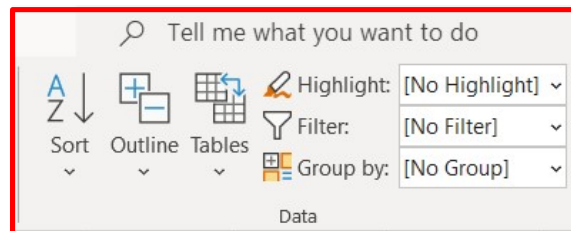
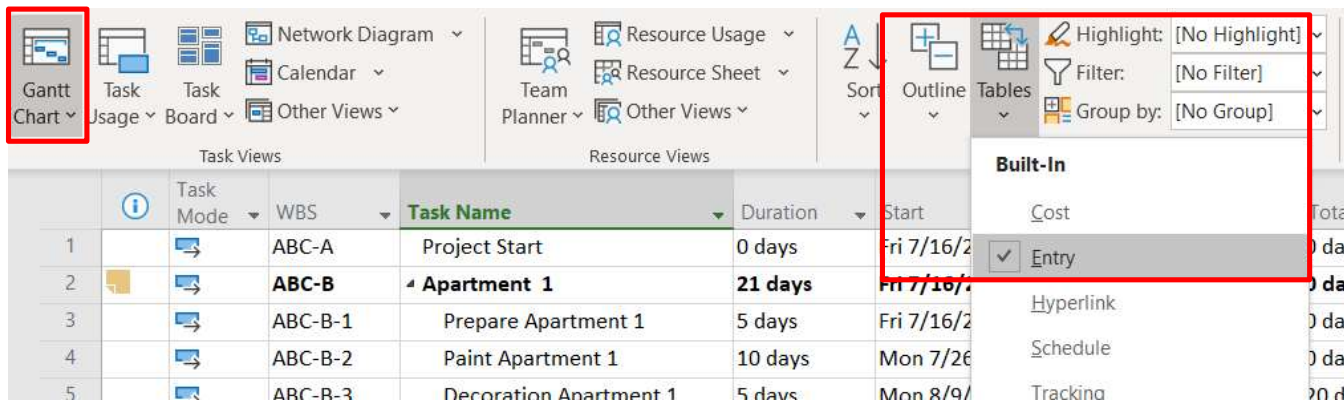
**Fixed cost:** Fixed cost of performing a task.

Example: A computer lab training has a fixed cost, regardless of the number of students attending.

This fixed cost is related to tasks, not resources. The fixed cost is recorded in the “Cost” table of the “Gantt Chart”, in the “Fixed cost” column.

## Types of Costs

**Fixed cost:** By default, when using the "Gantt Chart" view, we are presented with the "Entry" table to add the project inputs.

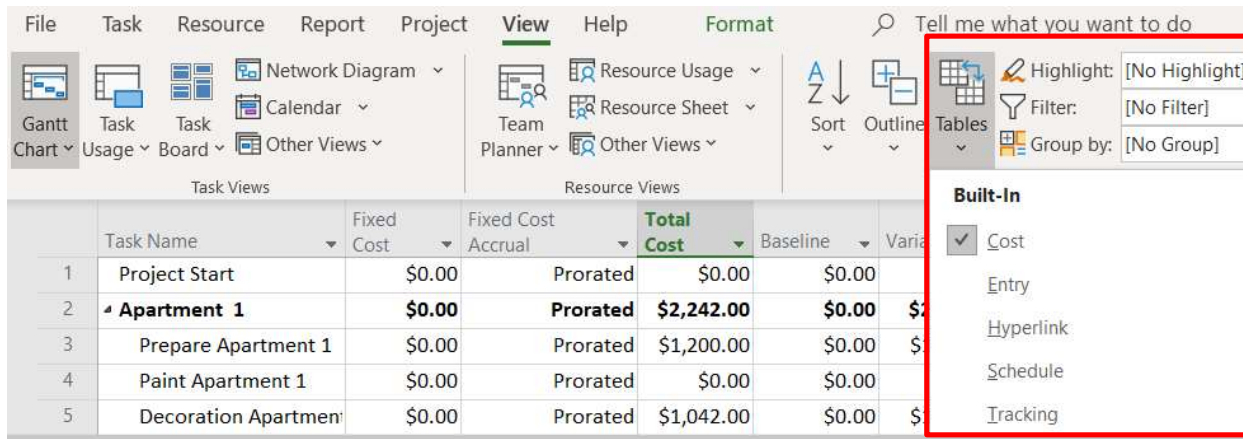
The screenshot shows the Microsoft Project interface with the 'Gantt Chart' view selected. The 'Tables' dropdown menu is open, showing the 'Entry' table selected. The 'Task Views' ribbon includes 'Gantt Chart', 'Task Usage', 'Task Board', 'Network Diagram', 'Calendar', and 'Other Views'. The 'Resource Views' ribbon includes 'Resource Usage', 'Resource Sheet', 'Team Planner', and 'Other Views'. The 'Tables' dropdown menu is open, showing the 'Entry' table selected.

Task Mode	WBS	Task Name	Duration	Start	End	Total
1	ABC-A	Project Start	0 days	Fri 7/16/2		0 da
2	ABC-B	Apartment 1	21 days	Fri 7/16/2		0 da
3	ABC-B-1	Prepare Apartment 1	5 days	Fri 7/16/2		0 da
4	ABC-B-2	Paint Apartment 1	10 days	Mon 7/26		0 da
5	ABC-B-3	Decoration Apartment 1	5 days	Mon 8/9/		0 da



## Types of Costs

**Fixed cost:** On the “View” Menu, and then selecting “Data, you can find Tables drop list, select “Cost” to change the Input table



The screenshot shows the Microsoft Project interface. The 'View' menu is open, and the 'Tables' drop list is expanded. The 'Built-In' section of the drop list is highlighted with a red box, showing the following options:

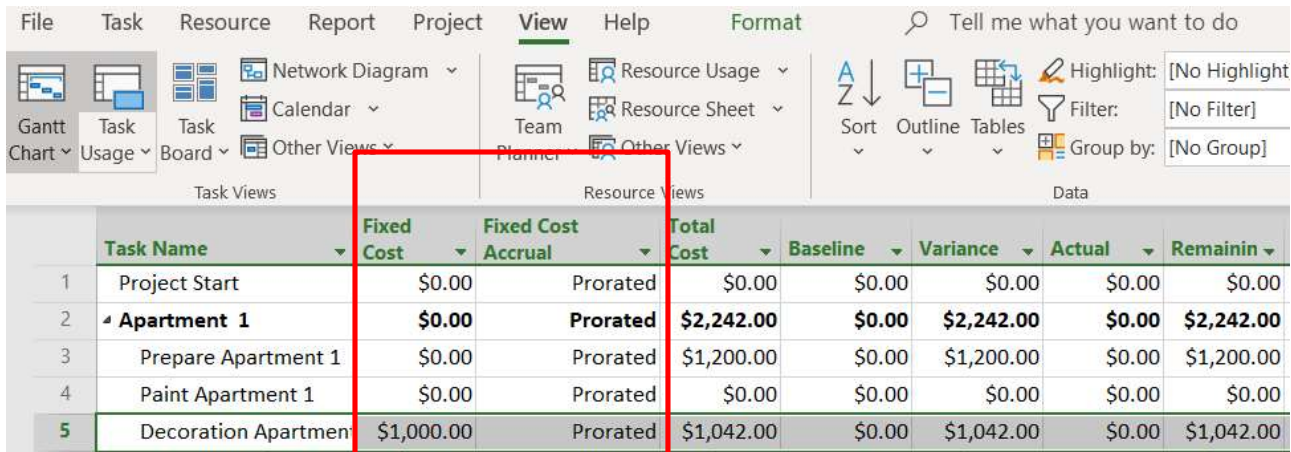
- Cost
- Entry
- Hyperlink
- Schedule
- Tracking

The main window displays a task list with the following data:

	Task Name	Fixed Cost	Fixed Cost Accrual	Total Cost	Baseline	Variation
1	Project Start	\$0.00	Prorated	\$0.00	\$0.00	
2	Apartment 1	\$0.00	Prorated	\$2,242.00	\$0.00	\$2,242.00
3	Prepare Apartment 1	\$0.00	Prorated	\$1,200.00	\$0.00	\$1,200.00
4	Paint Apartment 1	\$0.00	Prorated	\$0.00	\$0.00	\$0.00
5	Decoration Apartment 1	\$0.00	Prorated	\$1,042.00	\$0.00	\$1,042.00

## Types of Costs

**Fixed cost:** To include the Fixed Cost, In the "Cost" table, "Fixed cost" column, we enter the fixed cost of performing the task and in the "Fixed Cost Accrual" column we indicate the way to accumulate the real fixed cost. (Start, End or Prorated)



	Task Name	Fixed Cost	Fixed Cost Accrual	Total Cost	Baseline	Variance	Actual	Remainin
1	Project Start	\$0.00	Prorated	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2	Apartment 1	\$0.00	Prorated	\$2,242.00	\$0.00	\$2,242.00	\$0.00	\$2,242.00
3	Prepare Apartment 1	\$0.00	Prorated	\$1,200.00	\$0.00	\$1,200.00	\$0.00	\$1,200.00
4	Paint Apartment 1	\$0.00	Prorated	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5	Decoration Apartment	\$1,000.00	Prorated	\$1,042.00	\$0.00	\$1,042.00	\$0.00	\$1,042.00



## Project Cost Management

For Project to manage costs, it is required:

- Assign costs to resources, assign resources to tasks, and track project progress in Project.
- Assign fixed costs to tasks.



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