

11 Cost Management

The process of managing the costs of the project includes:

- Align the budget to the scope of the project
- Develop the cost baseline against which overall cost performance will be monitored, measured, controlled and reported
- Act as an early warning system and inform management and appropriate stakeholders of emerging trends for proactive action to be taken
- Manage actual costs as they occur, ensuring all commitments and incurred cost are aligned to the project scope and forecast project cost status
- Ensure timely, accurate, and transparent reporting is undertaken and issued in accordance with the project reporting calendar

11.1 Cost forecasting

Cost forecasting is an essential part of project controls. When required Project Managers are responsible for the setup and management of the ongoing monthly forecasting process. Forecasting includes developing cost estimates or forecasts of conditions in the future, based on information and knowledge available at the time of forecast. Forecasting includes considering:

- Committed and/or incurred costs to date
- Actual physical progress and labor hours spent
- Cost of work completed
- Value of known scope to complete
- Value of issued change orders
- Forecasted recoveries
- Potential cost impact of schedule delays
- All changes identified
- Known and potential vendor/contractor claims
- Cost incurred against allowances when applicable (T&M, GMP, etc....)