# Developing a budget related to the contract schedule



In this Action Point we will see how a budget relates to a certain contract schedule. The same network as presented in an earlier Action Point (Unit 3) has been given. It now also indicates the estimated costs for each activity. Also, the time-scaled network and the related Gantt chart are already given.

Prepare the budget related to contract schedule by filling in the milestones at the appropriate places, and by giving the related costs. Also, calculate the cumulative budget.

# Earned Value and performance measurement

The following table gives the planned phases and the related costs for a certain project. A first assessment of actual progress achieved is now taking place at the end of the first month, and these results are also given in the table.



| | Month 1 | Month 2 | Month 3 | Total |
|---|---|---|---|---|
| Planned project phases | 1 | 2 | 3 | |
| Planned cost per phase | $165 | $90 | $75 | $330 |
| Actual schedule of phases | 1 2 | | | |
| Actual cost of phases | $150 $30* | | | |

*) Assume that planned expenditure at this stage of achievement of phase 2 was $33

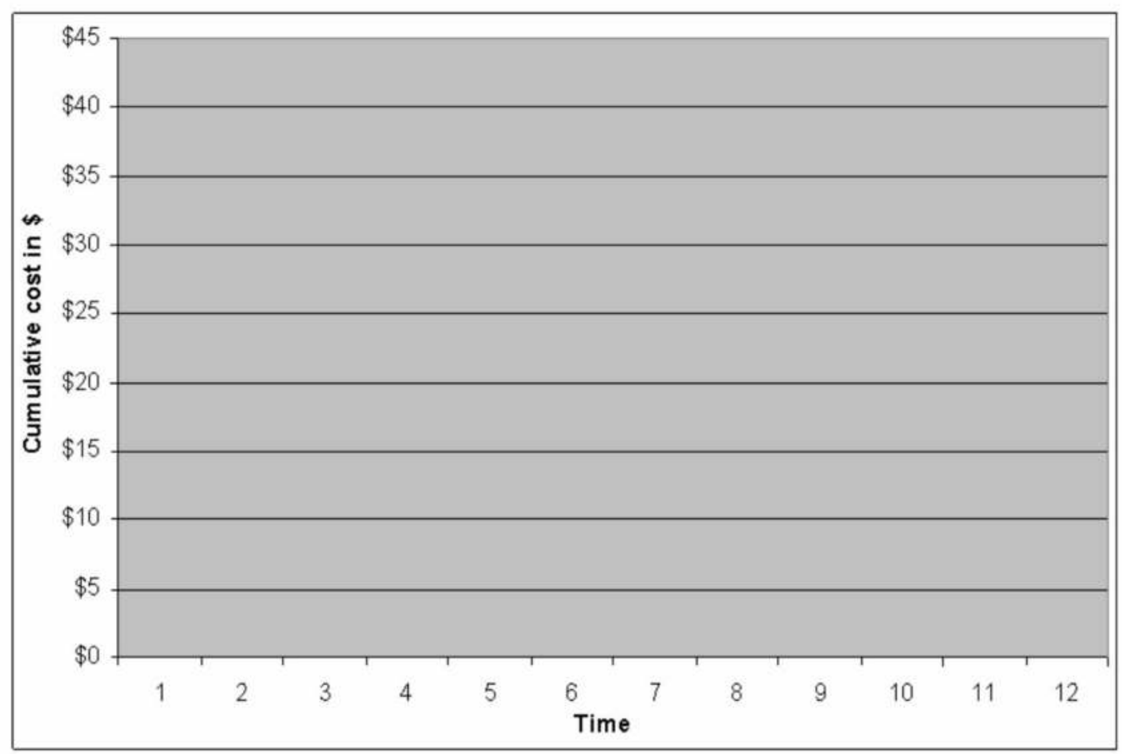
# Graphic performance monitoring & analysis

You have been asked to monitor and analyse the performance of a project you have been involved in. The data in the following tables has already been collected. Complete these tables and the tables on the following pages, and draw the related graphs.

# Graphic performance monitoring & analysis

- Traditional S-Curve chart 2

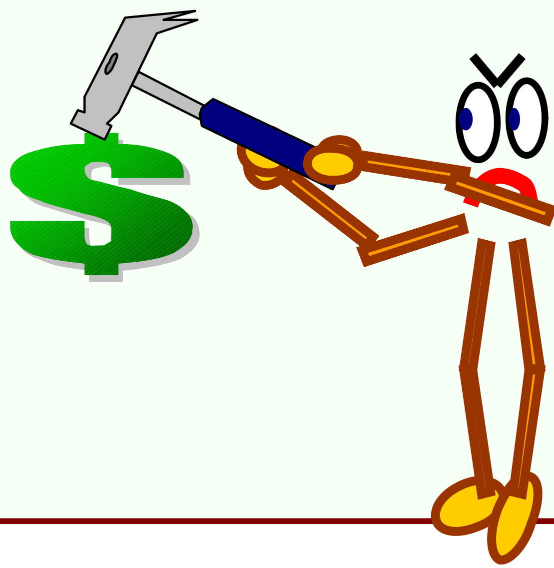
| Project Schedule (Time) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Month No. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Month | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Planned costs (Budget) | | | | | | | | | | | | |
| Actual costs | | | | | | | | | | | | |



# 2. Managing cost

- Preventing or minimising cost overruns (II):
  - "Extras":
    - ✓ Watch out for how any additional work is costed!
  - Cost-plus or time-based contracts:
    - ✓ Control costs and review time sheets carefully





# Managing costs

Think of a problem you have faced in relation to managing costs under a contract.

Describe the problem and explain how it was dealt with.