BSBPMG514
MANAGE PROJECT COST

PRACTICAL ASSESSMENT INSTRUCTIONS

- The following practical assessment will require the participant to complete work related activities.
- The assessor will conduct observations of the participant's work to determine whether they display sufficient practical skills and knowledge.
- Please fill in the details below, providing your name, signature and date of assessment.
  - Your signature acknowledges that the assessor provided clear instructions and the participant understood what was required to complete this assessment.
- The assessor may substitute a Practical Task with another task of equal value.
  - Alternate tasks must be fully documented by the assessor.

Participant name: Lauren Symonds

Participant signature: Symonds

Assessor name: Grace Martin

Assessor signature: Martin

Date: Click here to enter a date. 14/4/20

Number of tasks	Number of tasks completed	Satisfactory?	
		Yes	No
1		☑	☐

ASSESSOR COMMENTS
See observer response.

BSBPMG514
MANAGE PROJECT COST

Practical Task 1

Description of task:
A suitable observer is to verify the participant's ability to identify, analyse and refine project costs to produce a budget and use it and the principal mechanism to control project cost.

These tasks may be simulated or real. The participant is to gather evidence of how they have completed each component of the Practical Task, which is to be submitted with this Practical Assessment sheet. The observer is to provide detailed comments on the tasks completed by the participant. The assessor is to verify the observer's comments in the Assessor Comments section, and provide the Practical Assessment outcome on the front cover of this document.

Resources required:
Project documentation, Organisational documentation (including budgets/other financial documents), Budget software.

Assessment of task

Name of participant:	
Name of observer:	Grace Martin
Role of observer (Confirm suitability to sign)	Business Manager
Email address of observer	grace@rhmbi.com.au
Signature of observer:	G Martin
Date:	Click here to enter a date. 14/4/20

When completing the task, did the participant:		Tick if satisfactorily completed. Provide comments if left unticked.
1 Determine project costs		
1.1A.	Seek input from stakeholders and guidance from others when determining resource requirements for tasks identified in the work breakdown structure.	☑
1.1B.	Estimate project costs to prepare project budget within agreed tolerances.	☑
1.1C.	Develop a project budget.	☑
1.1D.	Within delegated authority, develop a cost-management plan to ensure ongoing management of project finances.	☑
2 Monitor and control project costs		
1.2A.	Implement agreed financial-management processes and procedures to monitor actual expenditure against budget.	☑
1.2B.	Select and use cost-analysis methods and tools to identify cost variations and evaluate alternative actions.	☑
1.2C.	Implement and monitor agreed actions to maintain financial objectives.	☑
1.2D.	Provide accurate and timely financial reports.	☑

3 Complete cost-management processes		
1.3A.	Conduct appropriate activities to signify financial completion.	☑
1.3B.	Use available records to review project outcomes and determine effectiveness of project cost management.	☑
1.3C.	Review cost-management issues and document improvements.	☑

The participant's performance was: ☑ **Satisfactory** ☐ **Not Satisfactory**

OBSERVER COMMENTS

Lauren is getting a good grasp of the costing management & will continue to learn new skills in this area with on the job training moving forward.

4. Cost Management Plan

4.1 The following table provides a summary of the cost of each phase of the project:

Phase	Labour	Procurement	Purchase	**Total**
1. Pre-Planning	$150	$3,530.00		$3,680.00
2. Workshop	$150		$27,385.00 ~~$27,035.00~~ ~~$26,565.00~~	$27,535.00 ~~$27,185.00~~ ~~$26,715.00~~
3. Construction	$7,890.00	$2,824.00 ~~$1,424.00~~	$15105.00 ~~$13,435.00~~ ~~$6,825.00~~	$25,819.00 ~~$24,419.00~~ ~~$16139.00~~
TOTAL				$57,037.00 ~~$55,634.00~~ ~~$55,284.00~~ ~~$47,004.00~~ ~~$46,534.00~~

Refer to Client Cheat sheet for the project budget calculations.

Includes Contract Variation 1, Contract Variation 2, Contract Variation 3 & Contract Variation 4

4.2 Estimating Methodology

The estimating methodology used to calculate the figures are as follows:

Staff costs (RHM Building Innovations) – The hourly rate has been calculated based on the staff members hourly wage or salary. This figure is then multiplied by 30% to cover leave entitlements and staff administration costs.

All procurement and expenditure costs are quoted figures in provided quotes and software calculations. Suppliers were required to quote for each structure to assist with the budgeting process.

4.3 Confidence Level

Provided there are no scope or time variations in the project, the budget in this project plan has a high level of confidence.

Each staff member working for RHM Building Innovations have their wages and salaries reviewed at the end of each financial year. Therefore, there won't be any changes to the labour rates of pay.

The procurement values have been signed off on a fixed cost basis as per contract with suppliers. Unless there are changes to project scope, there won't be any changes to the procurement costs.

The purchase costs may increase as quotes were obtained at the time of the project plan. These costs may vary due to the delay between preparation of the project plan and the purchasing of the project raw materials and equipment.

4.4 Contingency

The client, Mike Ennis, is paying a fixed sum of $53,690.00. The project budget as per this project plan is $46,534.00.

This leaves a surplus of contingency of $7,456.00 to absorb any extra costs the project will incur. RHM Building Innovations has enough reserve cash to cope with the potential to expenditure. There are no other contingency funds available for this project.

4.5 Source of Funds

As per the contract between RHM Building Innovations and Mike Ennis, the funds of $53,690 including GST will be paid for all of the contracted work specified in the Scope of Works for this project. This is a fixed price contract, so the funds provided will be the same should increases in cost of labour or procurement or purchases happen. Any variations outside of the contracted Scope is the responsibility of the owner, Mike Ennis. The funds will be paid by Mike Ennis at the following points of the project:

- Payment 1: 5% total contract price for the deposit, QBCC Insurance and Standard Council and Relaxation Application.
- Payment 2: Earthworks and Concrete
- Payment 3: Kit Materials
- Payment 4: Practical completion of installation of all 4 structures.

As per the contract, RHM Building Innovations will issue an invoice at each of these stages. The terms of all invoices are COD.

The payments will be as follows:

	Due Date	Amount (GST incl.)
Deposit	*Now Due*	$6,214.00
QBCC Insurance		
Standard Council Application & Relaxation Application		
Earthworks & Concrete		$16,505.00 ~~$7,980.00~~
Kit Materials		$30,240.00 ~~$29,770.00~~
Final payment – due on completion of installation		$11,746.00 ~~$10,076.00~~ ~~$9,726.00~~
Total value of your order (including GST)		$64,190.00 ~~$62,520.00~~ ~~$62,170.00~~ ~~$54,160.00~~ ~~$53,690.00~~

The above payments are inclusive of Contract Variation 1, Contract Variation 2, Contract Variation 3 & Contract Variation 4

4.6 Cash Flow

The methodology used to calculate the project cashflow is as follows:

Labour – All employees of RHM Building Innovations are paid on a weekly basis at the beginning of the week. The Labour costs for each stage has been calculated by determining the number of hours required for the duration of the stage. This provides a reasonable estimate of the labour costs incurred each week based on the tasks the staff is performing in the project.

Procurement – as per agreements with suppliers, all contractor payments will be made at the completion of the work performed for the project on 7 days of receiving invoice.

Purchases – All purchases have been calculated to occur during the first week of each stage of the project.

The S curve has been constructed from the results of the above calculations. The project cashflow has been calculated from the S curve calculations above. These figures are subtracted from the cumulative income the project will receive from its four progress payments from Mike Ennis, on the dates to be advised based on the invoicing cycle determined above.

RHM Building Innovations
117 Mt Lindesay Hwy Gleneagle
Ph: 1300 858 746
ABN: 76 147 079 598
QBCC: 1200878

14 April 2020

Mike Ennis
123 Fake Street
Fake Town QLD

Dear Mike

RE: Contract #2654

Thank you for choosing RHM Services Pty Ltd t/as **RHM Building Innovations** as your preferred supplier.

We have now completed your project at *123 Fake Street, Fake Town* and look forward to assisting you again with future projects.

Your Build Approval will lapse on the 10th June 2021. Once you have connected the stormwater in accordance with your council approval you will need to either contact RHM Building Innovations or the certifier to arrange for the final inspection, to complete your Build Approval.

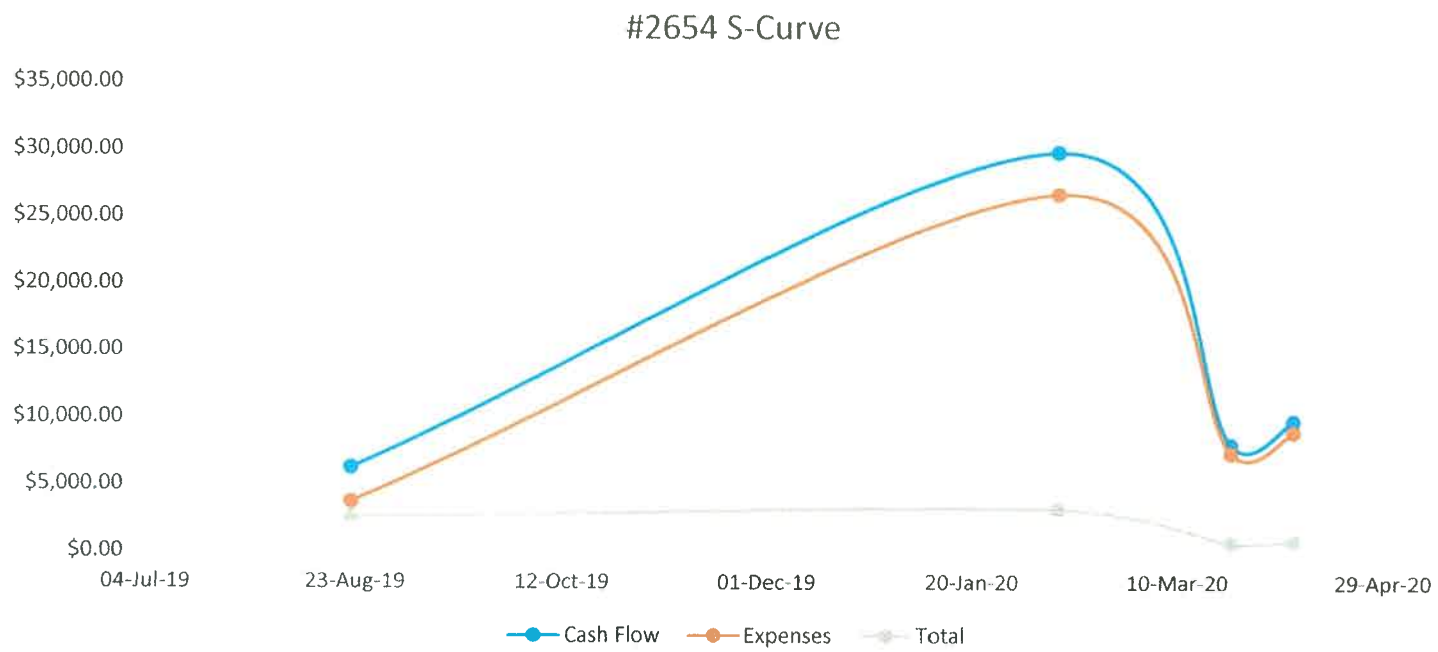
Once again, we thank you for choosing **RHM Building Innovations** as your preferred supplier. We do appreciate your business and if you have a friend, neighbour or relation who needs a patio, carport or shed, residential, rural or commercial, please do not hesitate to contact our office, as we would be delighted to personally attend to their requirements.

Yours faithfully,

Lauren Symonds
RHM Building Innovations

RHM Project Cash Flow

Stage	Invoice Date	Cash Flow	Expenses	Total
Deposit	22-Aug-19	$6,214.00	$3,680.00	$2,534.00
Kit	10-Feb-20	$29,770.00	$26,640.00	$3,130.00
Concrete	23-Mar-20	$7,980.00	$7,324.00	$656.00
Install	07-Apr-20	$9,726.00	$8,890.00	$836.00
		$53,690.00	$46,534.00	$7,156.00



RHM Building Innovations
117 Mt Lindesay Hwy Gleneagle
Ph: 1300 858 746
ABN: 76 147 079 598
QBCC: 1200878

Cost Management Review

Project Name: Mike Ennis #2654	
Prepared by: Lauren Symonds	
Date: 07/04/2020	
Project Administration: Lauren Symonds	
Project Phase: Completion	**Overall Project Status:** 100 % Completed
Review Date: 09/04/2020	
Was the project cost management effective? Yes, though the management only just managed to cover costs. If errors on site resulted in cost management to cover these mistakes, we would not be able to oversee these costs.	
Were there any issues in cost management? No, however the amount allowed to cover stage 3 was not compliant with the costs allocated.	
Overall Assessment of Management of Project: The cost management plan was generally effective; more allowance is needed to cover each stage so that any further discrepancies or additional costs as a result of unforeseen circumstances (i.e. contract variations). In addition to this, more cost allowance is required to cover project management as a result of additional time required to manage the job.	
Recommended Action(s)/Lessons Learned Regarding Management of the Project: **1.** Project management cost to be added at a minimum base rate of 20 hours for projects at the value starting at $20,000 or more. **2.** A higher markup percentage of 5-10% on cost price to cover any additional costs on contract variations	
Additional Audit Comments: Should a base rate minimum be established for project management on contract values, and an additional 5-10% mark up on all contract variations will result in efficient cost management.	
Have you attached additional material(s)? Yes	
Name(s) of attachment(s): Mike Ennis Summary Costing per Stage	
Report Submitted To: Grace Martin - Director	**Date: 09/04/2020**

Summary cost per stage

Job #2654 Mike Ennis

Project Stage Description	Labour Costs Time (hr)	Labour Costs Cost	Procurement Cost	Purchase Cost	Total Cost
Stage 1 Pre-planning					
1.1 Acquire Engineering	1	$25.00	$0.00	$0.00	$25.00
1.2 Draw up site plan & Location of utilities	1	$25.00	$0.00	$0.00	$25.00
1.3 Submit Council Application for Council Build Authorisation	1	$25.00	$3,530.00		$3,555.00
Stage 1 Project Management	3	$75.00	$0.00	$0.00	$75.00
TOTAL	6	$150.00	$3,530.00	$0.00	**$3,680.00**
Stage 2					
2.1 Ordering Kit Materials	4	$100.00	$0.00	$27,385.00 ~~$27,035.00~~ ~~$26,565.00~~	$27,485.00
2.2 Draw up Concrete Slab Plan in accordance with Engineering	1	$30.00			$30.00
Project Management	4	$100.00			$100.00
TOTAL	9	$230.00	$0.00	$27,385.00	**$27,615.00**
Stage 3					
3.1 Earthworks	24 ~~12~~	0	$2,354.00 ~~$924.00~~	$0.00	$2,354.00
3.2 Concrete Slab Pour	16 ~~8~~	0	$0.00	$12,905.00 ~~$6,325.00~~	$12,905.00
3.3 Installation of Kit Materials for 4 steel structures	80	$7,890.00	$500.00	$2,170.00 ~~$500.00~~	$10,560.00
Project Management	2	$50.00			$50.00
TOTAL	122	$7,940.00	$2,854.00	$15,075.00	**$25,869.00**
TOTAL Contract Costing:	137	$8,320.00	$6,384.00	$42,460.00	$57,164.00

Summary

Total Cost of Contract	$57,164.00
Contract Value	~~$53,690.00~~ ~~$54,160.00~~ ~~$62,170.00~~ ~~$62,520.00~~ $64,190.00
Total Income	$7,026.00

RHM Project Cash Flow - Final

Stage	Invoice Date	Cash Flow	Expenses	Total
Deposit	22-Aug-19	$6,214.00	$3,680.00	$2,534.00
Kit	10-Feb-20	$29,725.00	$27,615.00	$2,110.00
Concrete	23-Mar-20	$16,505.00	$15,284.00	$1,221.00
Install	07-Apr-20	$10,076.00	$10,585.00	-$509.00
		$62,520.00	$57,164.00	$5,356.00

* Includes contract variation 1, 2, 3 and 4

#2654 S-Curve