



Template Guide

What is a Cost Management Process?

A Cost Management Process is a method by which costs (or expenses) incurred on the project are formally identified, approved and paid. Typical cost examples include:

- Labor costs (e.g. staff, external suppliers, contractors and consultants)
- Equipment costs (e.g. computers, furniture, building facilities, machinery and vehicles)
- Materials costs (e.g. stationery, consumables, building materials, water and power)
- Administration costs (e.g. legal, insurance, lending and accounting fees).

Cost Management is undertaken by completing the following processes:

- Document Expense Form
- Approve Expense Form
- Register Expense Form.

When to use a Cost Management Process

The budgeted (or expected) costs of the project will previously have been laid out in the Financial Management Plan, documented during the Planning phase of the project. The Cost Management Process is initiated after the Financial Plan has been approved and provides a formal process for the monitoring and control of the actual costs of the project, against that originally budgeted. Although the Cost Management Process is usually undertaken after the Financial Plan has been formally documented and the project is underway (i.e. during the 'Execution' phase of the project), costs should be formally tracked during all phases of the project.

If costs are not formally recorded, it may be difficult to accurately assess the total cost of the project and therefore become impossible to manage the project management constraints of time, cost and quality.

How to use this template

This document provides a guide on the topics usually included in a Cost Management Process. Sections may be added, removed or redefined at your leisure to meet your particular business circumstance. Example tables, diagrams and charts have been added (where suitable) to provide further guidance on how to complete each relevant section.