This Cost Management Plan provides an overview of the cost management process applicable to this project and dictates the actions to be undertaken in the event of a cost variance.

***Change the text in orange***

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| **Document Version Control** |
| Version Number | Date |
| 1.0- Current | 1/1/2000 |

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| --- | --- | --- |
| **Budget Monitoring Frequency** | **Budget Reporting Frequency** | **Responsible Party** |
| Weekly | Monthly (Contained within Status Report) | Project Manager |

|  |  |  |
| --- | --- | --- |
| **Degree of Estimate Required** | **Approval Point** | **Project Stage** |
| +, - 30% | Approval in Principle | Concept |
| +,- 10% | Project Charter | Prior to Planning |
| +,- 5% | Cost Baseline | Prior to Implementation |

|  |  |
| --- | --- |
| **Cost Variance** | **Required Action** |
| Variances should be changed to indicate threshold levels | Lists the measures to be undertaken in the event for each respective cost variance. Actions should correspond with threshold amounts. These can be approvals, communications, confirmations, ceasing work, re-estimation etc.Example below |
| 0-5% | Nil, No immediate actions required. Variance must be communicated in line with cost reporting process |
| 5%-30% | Written Approval required from Project Manager. Variance must be communicated in line with cost reporting process |
| 30%-100% | Re-estimation of Project & Written Approval required from Project Manager and Project Client/Sponsor to continue |
| 100% + | Hold Project Activities & Written Approval required from Project Director and Project Client/Sponsor to continue |

**Delegated Authority Spending Levels**

The below shows the approved spending limits for the project team relating to the maximum a party can spend on a single item or works. This limit applies to the combined amount of split orders.

|  |  |
| --- | --- |
| **Position** | **Spending Limit** |
| Variances should be changed to indicate threshold levels | Actions should correspond with threshold amounts. These can be approvals, communications, confirmations, ceasing work, re-estimation etc.Example below |
| Project Director | $100,000 |
| Project Manager | $30,000 |
| Project Team Member | $5,000 |

The definitions and actions contained within this document have been agreed to by the undersigned:

|  |  |
| --- | --- |
| Parties should sign here to formalise document | Parties should sign here to formalise document |
| **Project Manager** | **Project Sponsor/ Client** |
| Change titles to suit authorisation parties I.e. Joe Smith | Change titles to suit authorisation parties I.e. Joe Smith |