

**Manage costs and budget in Microsoft Project**

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Basics of cost

- Cost of the project is incurred by people working on the job, facilities used, materials consumed, machines bought or rented and miscellaneous expenses
- In Project, there are three types of resources: work, material and cost. Work resources are people whose effort impact the schedule and cost of the project. Materials can be facilities, materials and machines used/consumed in the project. Other fixed cost, like travel expenses, can be termed as cost resources

Set Cost

- In Resource Sheet view, you add the resource details for work, material and cost
- For work resources, the standard rate for hours spent during the working hours defined in the calendar is called as standard rate. For instance a standard rate of Rs.10/h means the person earns Rs.10 per hour. If the resource is assigned some overtime hours and it should be charged, then the Ovt. Rate column is set. In some cases, a fixed cost needs to be paid every time a resource is assigned to a task, such as travel expenses.

Cost calculation:  $Std. Rate \times Regular Work + Ovt. Rate \times Ovt. Work + Cost/Use \times Assignment Units$

Resource Name	Type	Std. Rate	Ovt.	Cost/Use	Accrue	Base
Prakash	Work	\$10.00/hr	\$15.00/hr	\$1.00	Prorated	Standard

Task Mode	Task Name	Cost	Work	Duration	Start	Finish	Resource Names
	Review document	\$401.00	40 hrs	5 days	Wed 7/2/14	Tue 7/8/14	Prakash

- For material resources, the standard rate defines the cost per unit, such as 1 Tool box, or a bulk resource, such as 5 Cans of Water. In some cases, a fixed cost such as transportation charge would apply for material resource which is defined in Cost/Use field

Material calculation:  $Std. Rate \times Assignment Units + Cost/Use \times Assignment Units$

Resource Name	Type	Material Label	Std. Rate	Ovt. Rate	Cost/Use	Accrue At
Tools	Material	Unit	\$100.00		\$0.00	Prorated
5 Liter	Material	Cans	\$5.00		\$2.00	Prorated

Task Mode	Task Name	Cost	Work	Duration	Start	Finish
	▲ Gardening	\$112.00	0 hrs	2 days	Wed 7/2/14	Thu 7/3/14
	Tools	\$100.00	1 Unit		Wed 7/2/14	Thu 7/3/14
	5 Liter	\$12.00	2 Cans		Wed 7/2/14	Thu 7/3/14
	▲ Maintain	\$7.00	0 hrs	3 days	Fri 7/4/14	Tue 7/8/14
	5 Liter	\$7.00	1 Cans		Fri 7/4/14	Tue 7/8/14

- For cost resources, the lump sum cost of the task is stored in the cost resource while assignment

Resource Name	Type	Material Label	Std. Rate	Ovt. Rate	Cost/Use	Accrue At
Air Tickets	Cost					Prorated

Task Mode	Task Name	Cost	Work	Duration	Start	Finish
	Review	\$500.00	0 hrs	5 days	Wed 7/2/14	Tue 7/8/14
	Air Tickets	\$500.00			Wed 7/2/14	Tue 7/8/14

- Select Start, Prorated or End to indicate when costs are incurred.

Resource Name	Work	Standard Rate	Accrue At	Details	M	T	W	T
Sai	32 hrs	\$1.00/hr	Start	Cost	\$32.00	\$0.00	\$0.00	\$0.00
Task 1	32 hrs			Cost	\$32.00	\$0.00	\$0.00	\$0.00
Prakash	32 hrs	\$1.00/hr	Prorated	Cost	\$8.00	\$8.00	\$8.00	\$8.00
Task 3	32 hrs			Cost	\$8.00	\$8.00	\$8.00	\$8.00
Mahesh	32 hrs	\$1.00/hr	End	Cost	\$0.00	\$0.00	\$0.00	\$32.00
Task 2	32 hrs			Cost	\$0.00	\$0.00	\$0.00	\$32.00

**Optimize**

- Typically in project execution, you will want compare the cost forecasts with budget
- In the resource sheet view, create a budget resource. Assign this resource to task id 0 (project summary task). In the Task Usage view, add the fields Budget cost in the sheet and timescale. You can now enter the values in the timescale in the Budget Cost field

Task Mode	Task Name	Budget Cost	Cost	Resource Names	July 6/29	7/6	7/13	7/20
0	Software Dev.	\$1,500.00	\$2,000.00	Approved Budget	\$240.00	\$760.00	\$760.00	\$240.00
	Approved Budget	\$1,500.00		Approved Budget	\$750.00	\$750.00	\$0.00	\$0.00
1	Build		\$400.00	Prakash	\$240.00	\$160.00		
	Prakash		\$400.00	Prakash	\$240.00	\$160.00		
2	Test		\$1,000.00	Prakash,Suresh		\$600.00	\$400.00	
	Prakash		\$400.00	Prakash		\$240.00	\$160.00	
	Suresh		\$600.00	Suresh		\$360.00	\$240.00	
3	Deploy		\$600.00	Suresh			\$360.00	\$240.00
	Suresh		\$600.00	Suresh			\$360.00	\$240.00

- The cash flow chart shows the project's cumulative cost and the cost per time period.
- To access this report, click Report, Costs group, Cash Flow button

