PMI® Exam Preparation Workshop

Project Cost Management Questions

93. Project Cost Management includes all of the following processes EXCEPT:

a) Plan cost management.

b) Level resources.

c) Determine budget.

d) Control cost.

94. The cost management plan has all of the following characteristics EXCEPT:

a) It is based on project cost estimates and is separate from the project management plan.

b) It may specify variance thresholds for monitoring cost performance to indicate an agreed-upon amount of variation to be allowed before some action needs to be taken.

c) It may be specify the level of precision, which is the degree to which activity cost estimates will be rounded up or down.

d) It describes how the project cost will be planned, structured, and controlled.

95. All of the following are true about cost estimates EXCEPT:

a) Cost estimates are generally expressed in units of some currency (i.e. dollars, euro, yen, etc.), although in some instances other units of measure, such as staff hours or staff days, are used to facilitate comparison by eliminating the effects of currency fluctuations.

b) Costs are estimated for all resources that will be charged to the project.

c) Information in the risk register should not be considered in cost estimates, because risks can be either threats or opportunities and their impact tends to balance out.

d) A cost estimate is a quantitative assessment of the likely costs for resources required to complete the activity. Cost estimates may be presented at the activity level or in summary form.

96. An activity cost estimate includes all of the following resource categories EXCEPT:

a) Labour.

b) Materials.

c) Equipment.

d) Time shortages.

97. Parametric estimating involves:

a) Defining cost or duration parameters of the project life cycle.

b) Calculating individual cost and duration estimates for each work package and integrating them to obtain the total cost of the project.

c) Using a statistical relationship between relevant historical data and other variables to calculate a cost estimate for project work.

d) Using the actual cost of a previous similar project to estimate the cost of the current project.

98. Analogous cost estimating:

a) Integrates bottom-up estimating techniques with relevant statistical relationship to estimate the cost of the current project.

b) Relies on the actual cost of previous, similar projects as the basis for estimating the cost of the current project.

c) Is used most frequently in the later phases of a project.

d) Summarizes estimates for individual work packages to estimate the cost of the current project.

99. Which of the following represents processes concerned with establishing and controlling the cost baseline?

a) Plan Resources and Contain Costs.

b) Estimate Cost, Develop Budget, and Adhere to Baseline.

c) Determine Budget and Control Costs.

d) Resource Planning, Cost Estimating and Cost Control.

100. The cost performance baseline has all of the following characteristics EXCEPT:

a) It is the approved version of the time-phased project budget, excluding any management reserves, and is used as a basis for comparison with actual results.

b) It shows the actual cost expenditures throughout the project life cycle.

c) It is developed as a summation of the approved budgets for the different schedule activities.

d) It is typically displayed in the form of an S-curve.

101. Project cost control includes all of the following EXCEPT:

a) Informing appropriate stakeholders of all approved changes and associated cost.

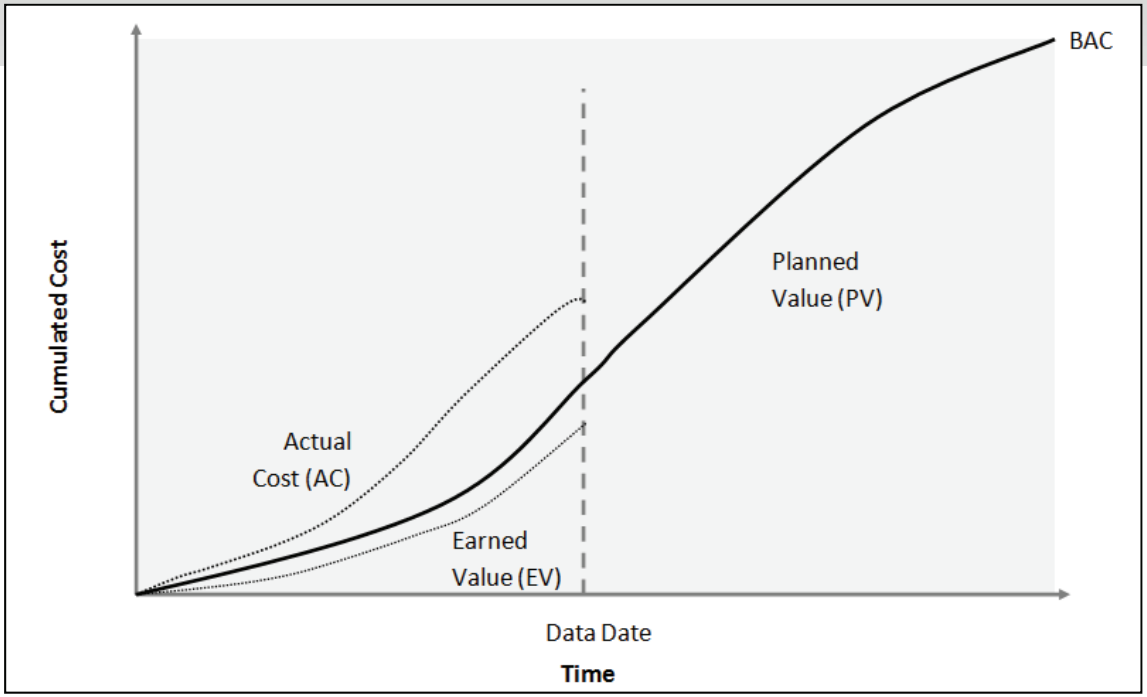
b) Monitoring cost performance to isolate and understand variances from the approved cost baseline.

c) Influencing the factors that create changes to the authorised cost baseline.

d) Allocating the overall estimates to individual work packages to establish a cost baseline.

102. You have been promoted to the position of project manager for a large project, due to the abrupt transfer of the previous project manager. On the first day in your new, exciting position, you find a folder on your desk entitled: Earned Value Management. In that folder, you find only the following chart related to your project with the Data Date of a few days ago:

See next slide for chart



Based on this chart you conclude:

a) The project is below budget and probably ahead of schedule.

b) The project is over budget and probably behind schedule.

c) The project is below budget but probably behind schedule.

d) The performance on this project compared with budget and schedule cannot be determined because this chart does not show any value.

103.

BAC= 200	PV= 100	AC = 120	EV= 80

Assuming that all future work will be performed at the budgeted rate, the estimate at completion (EAC) is:

a) 200.

b) 220.

c) 240.

d) 260.

104.

BAC= 200	PV= 100	AC = 120	EV= 80

Assuming that what the project has experienced to date can be expected to continue in the future, the estimate at completion (EAC) is:

a) 300.

b) 325.

c) 350.

d) 375.

105.

BAC= 200	PV= 100	AC = 120	EV= 80

Assuming that future work will be performed at an efficiency rate that considers both the cost and schedule performance indices because the project schedule is a factor that impacts future effort, the estimate at completion (EAC) is:

a) 250.

b) 300.

c) 350.

d) 375.

106.

BAC= 200	PV= 100	AC = 120	EV= 80

Assuming that what the project has experienced to date can be expected to continue in the future, the variance at completion (VAC) is:

a) - 80.

b) - 100.

c) + 100.

d) + 200.

107.

BAC= 200	PV= 100	AC = 120	EV= 80

Assuming that all future work will be performed at the budgeted rate, the estimated to complete (ETC) is:

a) 120.

b) 140.

c) 180.

d) 200.

108.

BAC= 200	PV= 100	AC = 120	EV= 80

Your sponsor specifies that there is no additional money in the budget for your project and asks you to complete the project at the original budget at completion (BAC). To achieve that goal, you and your team must complete the remaining work at the to-complete performance index (TCPI) of:

a) 0.67.

b) 1.00.

c) 1.50.

d) 2.00.

109. The estimate at completion (EAC) is typically is typically based on:

a) The actual costs incurred for work completed (AC) and he estimated to complete (ETC) the remaining work.

b) The actual cost incurred for work completed (AC) and the cumulative cost performance index (CPI).

c) The earned value (EV) and the actual cost for work completed (AC).

d) The cost performed index (CPI) and the cost variance (CV).

110. Your earned value management analysis indicates that your project is falling behind its baseline schedule. You know this because the cumulative EV is much:

a) Higher than the cumulative AC.

b) Higher than the cumulative PV.

c) Lower than the cumulative PV.

d) Lower than the cumulative CPI.

111. Which of the following cumulative measures indicates that your project is about 9% under budget?

a) The cumulative AC was 100, and the cumulative EV was 110.

b) The cumulative PV was 100, and the cumulative AC was 110.

c) The cumulative AC was 110, and the cumulative EV was 100.

d) The cumulative EV was 100, and the cumulative PV was 110.

112. Earned value management (EVM) is a commonly used:

a) Analysis of the value of the equipment that has been installed in the project as of the status date.

b) Analysis of the sum of the labor costs, which have been incurred on the project to date.

c) Method of performance measurement for projects.

d) Method of measuring the amount of money that has been spent on the project to date.

113. During the sixth monthly update on a ten-month, $300,000 project, analysis of the earned value management data shows that the cumulative PV is $190,000, the cumulative AC is $120,000, and the cumulative EV is $150,000. In planning its actions, the project management team can conclude all of the following from these EXCEPT:

a) Less has been accomplished than was planned.

b) Less has been spent than planned.

c) Continuing performance at the same efficiency with no management intervention, the project will probably be completed behind schedule and under budget.

d) Continuing performance at the same efficiency with no management intervention, the project will probably be completed ahead of schedule and over budget.

114. In earned value management, the cost variance is equal to:

a) EV minus PV.

b) EV minus AC.

c) AC minus EV.

d) PV minus EV.

115. Earned value (EV) involves all of the following EXCEPT:

a) Value of the work performed expressed in terms of the budget authorized for that work.

b) Actual cost for an activity or work breakdown structure (WBS) component.

c) Progress measures criteria, which should be established for each WBS component to measure work in progress.

d) Budget associated with the authorized work that has been completed.

116. If cumulative PV = 100, cumulative EV = 98, and cumulative AC = 104, the project is likely to be:

a) Ahead of schedule.

b) Headed for a cost overrun.

c) Operating at project cost projections.

d) Under budget at completion.

Item	PV	AC	EV
1	10,000	11,000	10,000
2	9,000	8,000	7,000
3	8,000	8,000	8,000
4	7,000	7,000	5,000

117. Which item is MOST over budget?

a) Item 1.

b) Item 2.

c) Item 3.

d) Item 4.

Item	PV	AC	EV
1	10,000	11,000	10,000
2	9,000	8,000	7,000
3	8,000	8,000	8,000
4	7,000	7,000	5,000

118. Which item has the LOWEST SPI?

a) Item 1.

b) Item 2.

c) Item 3.

d) Item 4.