

 Georgia Technology Authority	<b>Georgia Technology Authority</b>	
<b>Title:</b>	<b>Project Financial Management</b>	
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<b>POC for Changes:</b>	Enterprise Program Management Office (EPMO)	
<b>Synopsis:</b>	Guidelines for technology project financial management	

## PURPOSE

A financial management process is used to ensure that the project is completed within the allocated and approved budget. The recommended process includes cost estimating, cost budgeting, cost control, monitoring, and reporting.

## SCOPE AND AUTHORITY

See "Information Technology Policies, Standards and Guidelines" (policy)

## GUIDELINES

**Initial Assessment** - Use a financial management process for all projects that have a technology component regardless of the dollar value of the project. Application of these principles should be tailored according to the size, complexity and importance of the project. Therefore, a simple or small project may only require a simplified project financial tracking process to ensure that the project remains on budget, whereas a large multi-year project requires a more rigorous process.

**Cost Estimating/Planning/Budgeting** - The financial management process lists those costs to the State that should be considered for inclusion, such as:

- Personnel costs of sponsor agency
- Equipment and purchased components (including software)
- Development effort
- Contractor costs
- Deployment effort
- Lifetime operation costs
- Lifetime maintenance costs
- IV&V costs if project exceeds \$1,000,000
- Support costs from other organizations

**Cost Control/Monitoring** - There are several financial characteristics that the Project Manager should monitor to determine the factors that create cost variances and control changes to the project budget. These are:

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- Original Project Budget: the Original Estimated Budget (estimated costs) that was approved by the Project Sponsor
- Total Approved Changes: the total cost of Project Sponsor approved changes as a result of change control
- Total Current Budget: the sum of the Original Contract Value and the Total Approved Changes. This is the most current approved Project Budget.
- Cost to Date: the actual dollars expended (expense) to date of all resources, tasks and materials in the Project.
- Estimate to Complete: the dollars estimated (future expense) to be expended to complete remaining project tasks.
- Forecast Total: the sum of the Cost to Date and the Estimate to Complete.
- Project Variance: the positive or negative difference between all estimated and all actual dollars.

**Cost Reporting** - Financial reporting is a very important aspect of financial management and in most cases should be performed on a monthly basis. The report format should be developed prior to beginning the project, preferably using an agency-wide standard template and should include the following:

- Original Project Budget versus the Cost to date for the month reported.
- A column for Variance (the difference between the budgeted and actual costs.)
- A column for the remaining funds to be expended.
- Graphs showing the spending trend and its affect on the overall project budget.

Additionally, financial reporting should reflect the overall health of the project from a financial perspective thereby serving as a tool to determine the amount of funds remaining versus the amount of time and resources required to complete the project.

## REFERENCES

- GTA Enterprise Program Management Office (EPMO) Methodology
- The Project Management Institute (PMI) Project Management Body of Knowledge (PMBOK)
- Project Management Glossary - (GT-08-104)

Note: PSG number administratively changed from G-09-001.01 on September 1, 2008.

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