

	<b>Georgia Technology Authority</b>	
<b>Title:</b>	<b>Project Financial Management</b>	
<b>PSG Number:</b>	<b>SM-09-001</b>	
<b>Issue Date:</b>	<b>08/01/2008</b>	<b>Revision Effective Date: 07/01/19</b>
<b>Synopsis:</b>	Establishing a project budget, monitoring the actual spending, updating the budget, and managing changes to the budget baseline.	

## **PURPOSE**

This standard sets minimum requirements for technology project financial management. Managing the finances of a project helps ensure that the project is completed within the approved budget. Financial management consists of planning, estimating, budgeting, controlling and reporting costs.

## **SCOPE and AUTHORITY**

Information Technology Policies, Standards and Guidelines (PM-04-001)

## **STANDARD**

- The technology project manager shall utilize a financial management process and tools to plan the budget, capture expenditures and report on the financial status for the project.
- The project manager shall develop and execute a Project Financial Management Plan. The purpose of this plan is to define the methodology by which costs associated with the project will be managed throughout the project lifecycle. The plan should include, at a minimum:
  - Processes for managing the project financial resources through all stages of the project.
  - Define various roles and responsibilities including ownership for review and approval of all project expenses, review of the budget tracking system details and day-to-day project financial management.
  - Information regarding cost estimation activities and how budget estimates are derived, budget determination and procedures to establish a baseline budget as well as budget amendments.
  - Process for how the project costs, budget and source of funding will be determined.
  - Process for the overall project financial management approach, which includes:

- Invoice approval process including who can approve which types of invoices, supporting documentation required and how invoice disputes will be handled
  - Process for how unplanned items will be handled
  - Budget amendment process
  - Cross Agency charges or allocations
  - Bond submissions (if applicable)
  - Grant reporting (if applicable)
- Identify the methods to be used for quantitatively measuring and reporting on financial performance.
- Identify the reporting formats, frequency and to whom they are presented.
- Memorandum of Understanding (MOU) should be in place for any cross-agency charges defining the process.
- Before any contracts are signed, ensure sufficient budget exists.
- A budget baseline should be established for the entire project in an amount equal to the total cost of ownership. A time-phased budget baseline should be established as well depicting how the estimated costs will be incurred over time.
- Any adjustments to the baselined budget to address any overages or unplanned spending should only occur through an integrated Change Control Process.
- Update and reconcile purchase orders for each contract and any amendments.
- Use of a standard project cost tracking and management tool is highly recommended and provides:
  - Support for planning and tracking spending on a monthly basis
  - Comparison of planned spend to actual spend at multiple levels of detail over multiple time periods
- If Federal or other funds are available, break out state vs federal vs other amounts.
- Tracking should be able to capture the following state reporting requirements:
  - Original Budget
  - Current Budget
  - Total State Budget
  - Total Other Budget
  - Total Planned Expenses to date
  - Total Actual Expenses to date
  - Estimated Funds to complete the project
  - Total budget and actuals for project reporting should include planning and implementation costs
- Federally funded projects may require additional financial reporting

## **RELATED ENTERPRISE POLICIES, STANDARDS AND GUIDELINES**

Project Financial Management Guideline (GM-09-001)

See State Accounting Office Policies and Procedures

## **TERMS AND DEFINITIONS**

**Actual Expenses to Date** – the actual dollars incurred through the current reporting period.

**Budget Baseline** – the approved version of the time-phased project budget, which can only be changed through a formal change control procedure.

**Current Budget** – most current approved budget.

**Estimating Costs** – the process of developing an approximation of the monetary resources needed to complete the project work.

**Estimated Funds to Complete** – the dollars estimated to be expended in the future to complete the remaining project tasks.

**Original Budget** – original estimated budget that was approved by the Project Sponsor.

**Other Budget** – the amount of the current budget that will be paid with funds other than State funds.

**Planned Expenses to Date** – the amount of budgeted expenses that were planned to be expended through the current reporting period.

**Time-Phased Budget** – is a budget that indicates the planned expenditures over time (i.e. month, quarter, fiscal year).

**Total Cost of Ownership** – is the total of planning and implementation costs associated with an asset plus the costs of maintenance and operations for a specified time period.

**State Budget** – the amount of the current budget that will be paid with State funds. This includes bond funds.