Chapter 7 Exam – Finance

Question 1 (Question ID: 604)

A hospital group in Canada approved a $2 million charter for a patient portal, to be delivered under a predictive plan with formal baselines. Six weeks into planning, the team has costed the hosting and integration work, including reuse of the existing login system. Two departments still disagree on which patient-facing features to include, and those features are expected to drive most of the effort. The finance director notes that a similar portal finished last year cost $2.1 million. The sponsor presents to the finance committee next week and wants to confirm the charter figure. Which estimate should the project manager provide?

A. A rough order of magnitude range that is refined as the features are agreed
B. A budget estimate range of minus 10 to plus 25 percent for the committee
C. A definitive range of plus or minus 10 percent around last year's portal cost
D. The charter figure as a single value, with variances reported as they occur

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Question 2 (Question ID: 2426)

A project manager must decide whether to lease or purchase specialized equipment for a construction project. Which technique should the project manager use during Plan Financial Management?

A. Funding limit reconciliation
B. Cost aggregation
C. Reserve analysis
D. Alternatives analysis

Question 3 (Question ID: 2443)

A team uses Planning Poker to quickly gauge the relative size of a new backlog item without spending time trying to achieve high precision. What is the primary benefit of this technique?

A. It lets the team gauge relative size and complexity without overinvesting in early precision.
B. It produces a definitive estimate suitable for formal budgeting.
C. It calculates a parametric cost using historical calibrating data.
D. It reconciles funding limits against the project schedule.

Question 4 (Question ID: 623)

A predictive office fit-out project in Brazil has a BAC of $800,000. At the latest status date, EV is $320,000, AC is $350,000, and PV is $400,000. The sponsor believes the overrun was a one-time event, but the cost analysis shows it came from a new labor agreement with higher rates that will apply through project completion. The client has agreed that the completion date can move if needed. Which estimate at completion should the project manager report?

A. $830,000, using AC plus the remaining budget of BAC minus EV
B. About $875,000, using BAC divided by the cumulative CPI
C. About $731,000, using BAC multiplied by the cumulative CPI
D. About $1,006,000, using AC plus remaining budget divided by CPI times SPI

Question 5 (Question ID: 2581)

Priya is the project manager for a mid-size hospital network installing a new electronic health records system across three regional clinics. Midway through the predictive rollout, a finance review at the six-month mark shows earned value (EV) of $840,000, actual cost (AC) of $960,000, and planned value (PV) of $900,000. Worried about the budget, the clinical director wants Priya to immediately request additional funding from the sponsor without further analysis. Meanwhile, a risk with a $50,000 contingency reserve for potential data-migration failures never materialized because the migration went smoothly at all three clinics. Given the mid-project EV, AC, and PV figures, select the two things Priya should do before recommending any action to the clinical director.

A. Calculate the cost variance and schedule variance to understand whether the project is over budget, behind schedule, or both.
B. Request additional funding from the sponsor immediately, since the clinical director asked for it.
C. Assume the numbers are acceptable since the project has not yet finished.
D. Interpret what the calculated variances actually mean before proposing a specific response.