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## CCP

### Certified Cost Professional (CCP) Exam



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## Question: 1

What do you call a person authorized to represent another (the principal) in some capacity? He/she can only act within this capacity or "scope of authority" to bind the principal.

- A. Engineer
- B. Alternate
- C. Project Manager
- D. Agent

**Answer: D**

Explanation:

An agent is a person who is legally authorized to represent another person, known as the principal, in business transactions or other matters. The agent can act on behalf of the principal and make decisions that bind the principal to certain actions or contracts. However, the agent's authority is limited to the "scope of authority" granted by the principal. This means that the agent can only perform actions that fall within the powers explicitly or implicitly given to them.

For example, in a construction project, an agent might be authorized to negotiate contracts with suppliers or contractors on behalf of the project owner. Still, they may not have the authority to make final decisions regarding project financing unless explicitly granted by the principal. The concept of an agent is fundamental in various fields, including cost estimating and project management, where clear delegation of authority ensures that decisions are made effectively and responsibly.

This role is crucial in maintaining a structured approach to decision-making, particularly in cost management, where the agent's decisions can directly impact the financial outcomes of a project.

Miscommunication or overstepping the agent's authority could lead to financial discrepancies or legal disputes, making the definition and adherence to the scope of authority essential for both cost control and legal compliance.

## Question: 2

Budgeted cost of work scheduled is all of the following except:

- A. Total costs incurred in accomplishing work in a given-time period
- B. Baseline for performance measurement
- C. Sum of the budgets for work scheduled
- D. Includes portion of the budget for level-of-effort work

**Answer: A**

Explanation:

The Budgeted Cost of Work Scheduled (BCWS) is a key concept in project management and cost accounting, particularly in the Earned Value Management (EVM) framework. BCWS represents the cumulative planned costs of work scheduled to be completed up to a specific point in time. It serves as a baseline for measuring performance and comparing actual progress against planned progress.

Explanation of Options:

Option A: Total costs incurred in accomplishing work in a given-time period

This option is incorrect because BCWS does not represent the actual costs incurred; rather, it reflects the planned or budgeted costs for the work scheduled to be done. The actual costs incurred would be tracked under the Actual Cost of Work Performed (ACWP).

Option B: Baseline for performance measurement

This is a correct description of BCWS. It is used as a baseline to compare the budgeted costs with the actual costs and earned value, enabling performance measurement and variance analysis.

Option C: Sum of the budgets for work scheduled

This is also correct. BCWS is essentially the sum of the budgeted costs for all scheduled work up to a certain date.

Option D: Includes portion of the budget for level-of-effort work

This is correct as well. BCWS can include portions of the budget allocated to level-of-effort (LOE) tasks, which are support tasks that don't directly contribute to the completion of specific project deliverables but are necessary for the overall project.

Therefore, the correct answer is A, as it inaccurately describes BCWS by confusing it with actual costs incurred, which are instead captured by ACWP.

## Question: 3

Which of the following is NOT an aspect of quality management?

- A. Quality assurance
- B. Quality planning
- C. Quality checking
- D. Quality control

**Answer: C**

Explanation:

Quality management encompasses several critical aspects that ensure a project's outputs meet the required standards and fulfill the client's needs. These aspects typically include:

Quality Assurance (QA): This refers to the systematic processes and procedures put in place to ensure that the project's outcomes meet the required quality standards. QA is proactive, focusing on preventing defects by improving processes.

Quality Planning: This involves identifying the quality standards relevant to the project and planning how to meet those standards. It is an essential early step in the project management process, ensuring that quality objectives are defined and documented.

Quality Control (QC): This is the process of monitoring specific project results to determine if they comply with relevant quality standards. QC is a reactive process that identifies and corrects defects in the final outputs.

Quality Checking is not a standard term in the context of formal quality management processes. While

checking may occur during quality control or assurance activities, it is not recognized as a distinct, formal component of quality management, making it the correct answer as the aspect that does not belong to the set.

## Question: 4

Cost performance index (CPI) is defined by AACE International as: (assume no change in budgeted quantities)

- A. ACWP/BCWS
- B. BCWS/BCWP
- C. ACWP/BCWP
- D. BCWP/ACWP

**Answer: D**

Explanation:

The Cost Performance Index (CPI) is a crucial metric in project management, particularly within the realm of cost control. According to the Association for the Advancement of Cost Engineering (AACE) International, the CPI is calculated as:

$$\text{CPI} = \text{BCWP} / \text{ACWP}$$

Where:

BCWP (Budgeted Cost of Work Performed): Also known as Earned Value (EV), BCWP represents the budgeted cost for the work that has actually been completed by a specific point in time.

ACWP (Actual Cost of Work Performed): This is the actual cost incurred for the work completed by that same point in time.

The CPI is an index that measures the cost efficiency of budgeted resources for a project. A CPI of 1.0 indicates that the project is on budget, as the actual cost matches the earned value. A CPI greater than 1.0 suggests that the project is performing well in terms of cost (i.e., it is under budget), while a CPI less than 1.0 indicates that the project is over budget.

This metric is vital in cost estimating and control, as it provides project managers with a quantifiable indicator of cost performance, helping them make informed decisions to maintain or correct the project's financial trajectory.

## Question: 5

\_\_\_\_\_ is the application of total resources (\$-workers-supports) and activity durations of the logic diagram.

- A. Planning
- B. Forecasting
- C. Scheduling
- D. Modeling

## Answer: C

Explanation:

Scheduling is the process of assigning resources (such as labor, materials, and equipment) to project activities and determining the timing and sequence of these activities. The term "scheduling" specifically refers to the application of total resources (including workers and support) and the activity durations outlined in a logic diagram. The logic diagram, often depicted as a network or Gantt chart, shows the sequence and dependencies of project activities, enabling planners to establish a timeline for the project.

Option A: Planning is broader and includes not only scheduling but also the development of strategies, policies, and procedures for achieving the project's objectives.

Option B: Forecasting involves predicting future project performance based on current data, not directly the application of resources and activity durations.

Option D: Modeling refers to the creation of representations or simulations of the project, which may include scheduling but is not limited to it.

Thus, C. Scheduling is the correct answer as it accurately describes the application of resources and activity durations within a logic diagram.

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