

# Financial Management for Project Managers Practice Test Questions and Answers

## 1. What is the primary purpose of a project budget?

- A) To impress stakeholders with large numbers
- B) To establish cost baselines and control project expenses
- C) To determine team bonuses
- D) To calculate office rent allocation

## 2. What does ROI stand for in project financial management?

- A) Rate of Investment
- B) Return on Investment
- C) Risk of Implementation
- D) Resource Optimization Index

## 3. Which method is best for tracking project cost performance?

- A) Guessing based on team mood
- B) Earned Value Management (EVM)
- C) Monthly team meetings only
- D) Annual financial reviews

## 4. What should project managers do when costs exceed the approved budget?

- A) Hide the overrun from stakeholders
- B) Immediately alert stakeholders and implement corrective action plans
- C) Continue spending without changes
- D) Wait until project completion to address

Answers: 1-B 2-B 3-B 4-B

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