

Scope

This reference document covers the control and distribution of contingency funds. Contingency funds are project funds that have been set-aside, or reserved, to cover project uncertainties, or may be generated during project execution when activity costs are less than anticipated. The greater the risk in a project, the greater the contingency funding. The process only covers the project part of contingencies.

Policy

AR 415-15, Army Military Construction Program Development and Execution

[\[http://www.usapa.army.mil/pdffiles/r415_15.pdf\]](http://www.usapa.army.mil/pdffiles/r415_15.pdf)

Distribution

Project Manager (PM)

Project Delivery Team (PDT)

Ownership

The BP/P2 Configuration Manager is responsible for ensuring that this document is necessary and that it reflects actual practice.

Responsibility

The Project Manager (PM) is responsible for

- Tracking contingency funds and approving their distribution within projects; Project managers must certify that USACE-approved, customer contingency funding criteria have been met before authorizing use of such funds [Note: Clarification desired if PM “must certify” this in a separate document or a revised PMP. Response: changed to verify]
- Controlling release of contingency funds
- Delegating approval and certification of contingency funds to a designated representative; contingency funds may be stored in a separate work item if desired
- Distributing the contingency funds; contingency funds shall not be distributed to a specific activity by anyone other than the designated representative, and distribution can be made to a specific activity only after established project-specific requirements have been met, certified and approved by the Project Manager or designated representative

- Returning remaining contingency funds to the customer upon project completion; once a project plan has been approved, the remaining contingency funding level is calculated as total available funding minus the current working estimate to complete that program or project (within P2, once a project plan has been approved, the project cost estimate for the project is defined as the sum of all actual resource/contract costs plus the sum of all estimated [remaining] resource/contract costs assigned to tasks and activities of the project plan)

The Project Delivery Team (PDT) is responsible for budgeting for studies, designs and construction including a contingency amount commensurate with the level of risk or based on applicable policies.