

MVD - Contingency Funds, Project Level [REF1011] Response: Accepted. Reworded. See master document.

Scope

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

Distribution

Program Manager (PgM)

Project Delivery Team (PDT)

Ownership

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

Roles and Responsibilities.

Program managers or their representative(s) are responsible for tracking contingency funds and approving their distribution within projects or programs. Program managers must certify that USACE-approved, customer contingency funding criteria have been met before authorizing use of such funds.

The Program Manager (PgM) will:

- Control release of contingency funds.
- Delegate approval and certification of contingency funds to a designated representative.

The Program Manager may delegate approval and certification of contingency funds to a designated representative (usually the PM). However, the Program Manager:

- Must make such delegations by name.
- May designate no more than one representative per project.
- May change representatives at any time during the life of a project.

The Program Manager's appointment cannot be further delegated. A single individual may be delegated contingency fund authorization for multiple projects.

Contingencies may be stored in a separate work item if desired.

- Distribute the contingency funds.

Contingency funds shall not be distributed to a specific program or project or activity by anyone other than the responsible program manager or his/her designated representative.

Distribution can be made to a specific activity only after established program/project specific requirements have been met, certified and approved by the program manager or designated representative.

The Project Delivery Team (PDT) will:

Budget for studies, designs and construction will be developed by the PDT and include a contingency amount commensurate with the level of risk.

The Project Manager (PM) will:

Return 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 current working estimate (CWE) 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.