

# ENGINEERING & CONSTRUCTION RISK INSTITUTE

Document number: <b>ECRI-RM-006 (DESC)</b>	<b>Contingency Drawdown</b>	Page: 1 of 1
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**Purpose:** The purpose of this document is to recommend a standard for drawing down project risk contingency through the lifetime of a project based on a prudent and rational approach that would satisfy company management as well as external auditors.

**Introduction:** Contingency Drawdown can be emotive and will be subject to each Company's approach to risk management.

Who "owns" contingency is another issue that impacts the way in which contingency is managed. Generally, project managers own project risk contingency and have the responsibility to continually assess the risk throughout the project and therefore will have a major say in any discussions regarding the availability of contingency that can be released. Most project managers will usually be very cautious and possibly reluctant to release contingency. However, there may be over-arching corporate rules which may influence the decision. Corporate reviews should take place to ensure a consistent approach across projects and to guide project managers.

The ownership of contingency is not for discussion here, but rather to provide a framework for drawing down contingency that is based more on an objective scientific approach that can be audited, seen to be prudent, and used as a standard throughout the Company.

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