



THE CALCUTTA TECHNICAL SCHOOL

**Cost Management
(Contingency)**

Name: Ranajoy Mondal

Roll: DCTSCES6 No: 10019553

Reg No: D181919527

Sem: 6th

Year: 3rd

cost contingency: The estimated costs of the known - unknown is referred to by cost estimators as cost contingency.

The cost contingency which is included in a cost estimate, bid, or budget may be classified as to its general purpose that is what it is intended to provide for. For a class 1 construction cost estimate usually needed for a bid estimate, the contingency may be classified as an estimating & contracting contingency.

contingency usually excludes:

1. Major scope changes such as changes in end product, specification, capacities, building sizes, & location of asset or project.
2. Extraordinary events such as major strikes & natural disasters.
3. Management reserves.
4. Escalation & currency effects.

Contingency is generally included in most estimates & is expected to be expended. In other words it is an item in an estimate like any other & should be estimated & included in every estimate & every budget.

NAME - RANAJAY MONDAL ROLL - DCTSCEK NO - 10019553
 DEPT - D.C.E REGI. NO - D181919527 SUB - Cost Management
 sig. Ranajay Mondal.

In general, there are four classes of methods used to estimate contingency —

1. Expert judgement
2. Predetermined guidelines (with varying degrees of judgement & empiricism used)
3. Simulation analysis (primarily risk analysis's judgement incorporated in a simulation such as monte - carlo)
4. Parametric modeling (empirically-based algorithm, usually derived through regression analysis, with varying degrees of judgement used).

* Typically the method results in a distribution of possible cost outcomes for the project product or other investment.

contingency is included in budget in budget as a control account. As risks occur on a project & money is needed to pay for them, the contingency can be transferred / Transferred to the appropriate account that need it.

NAME - RANAJAY MONDAL ROU - DCTSCES6 NO - 10019553
DEPT - D. C. E REGI. NO - D181919527 SUB - Cost Management

Sig - Ranajay Mondal.