Budget modification Process – (steps to be followed):

When a particular L1 level package ("*subject package*") in a plant requires escalation:

a. Check the unit rates and quantities assumed with external benchmarks and historic company data. Data provided by CCAA (Const Cost Analytics and Audit team) should be used.
b. Check whether 'increased' spend on the subject package is justified from a consumer value perception perspective. (refer to '*Perceived Value Matrix'* guidelines).
c. Conduct VE for subject package. Once VE is finalized, use contingency of subject package
d. Check if any surplus contingency is available from any other substantially progressed package (where > 80% of the cost is locked in / known). If so, use the said surplus contingency and allocate to the subject package.
e. Check if VE can be conducted on any of the balance packages which are not falling in category d. If so, use the amount saved as a consequence of the VE and allocate to the subject package.
f. If the budget requirement of the subject package cannot be met after using all of the above measures, an intermediate approval to be taken from Director-Operations for increase to the subject package budget (max. 2 instances per plant) and then update into overall budget at time of the budget review as per the guidelines stated in '*Budget Types, Changes and Approval Process thereto*' (9/15/18 months from const start OR at time of const start, if const start is delayed by more than 6 months from the time that was considered at time of finalization of concept budget OR if the project is stalled for > 120 days). When making such intermediate approval request, Cost Mgmt has to certify in writing that '*steps a. – e. enumerated hereinabove viz. VE and contingency allocation have been fully explored and hence, this intermediate budget approval request is being made for the subject package*'.
g. It is to be noted that any of the contingency or overhead budgets will NOT increase after DD budget is finalized, even if there is a change in the package and/or plant budget.
h. Any change in L2 or lower levels shall be as per the norms suggested in '*Budget Types, Changes and Approval Process thereto*' policy, as long as L2 budget is not exceeded.

This process is to be conducted by concerned Design Lead + the Cost Mgmt team (Budgeting + Estimation) and completed within 4 weeks of the ~90% design details being made to Cost Mgmt by design.