

ABSTRACT

Cost increases or budget overruns are common issues in construction projects, including renovation projects. PT XYZ, a company engaged in construction work, encountered this problem in a PAUD renovation project, with a budget deviation of 9.79% from the Budget Plan (RAB). This study aims to identify the risks contributing to the budget overrun and to develop relevant mitigation strategies using the Failure Mode and Effect Analysis (FMEA) approach. The results indicate that 153 risks were identified, with those having a Risk Priority Number (RPN) above 30 prioritized for mitigation. A total of 15 key risks were found, all categorized as high risk. The analysis revealed that most risks originated from the planning phase, such as incomplete and inaccurate surveys of existing conditions, design changes during implementation, and a lack of quality control in material procurement. From the workforce perspective, risks emerged due to misalignment between working hours and work outcomes that failed to meet specifications. The findings of this study are expected to serve as a reference for risk management in similar projects.

Keywords: *Cost overrun, risk management, FMEA, renovation project, construction*