

Construction Audit

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Agenda

- Why Construction Audits
- Construction Audit Phases
- Contracts
- Pay Applications
- Closing

Construction Audits

- Assist project team
- Identify and help manage risk
- Provide feedback on contract and controls
- Help control project costs
- “Third line of defense” in construction projects

Construction Audit Phases

Construction audits usually follow duration of the construction project.

- **Planning/Pre-construction**

Review bidding, contract, and set expectations

- Benefits:**
- Mitigates contract risks
 - Cost avoidance
 - Provides advice from past experiences

- **Construction**

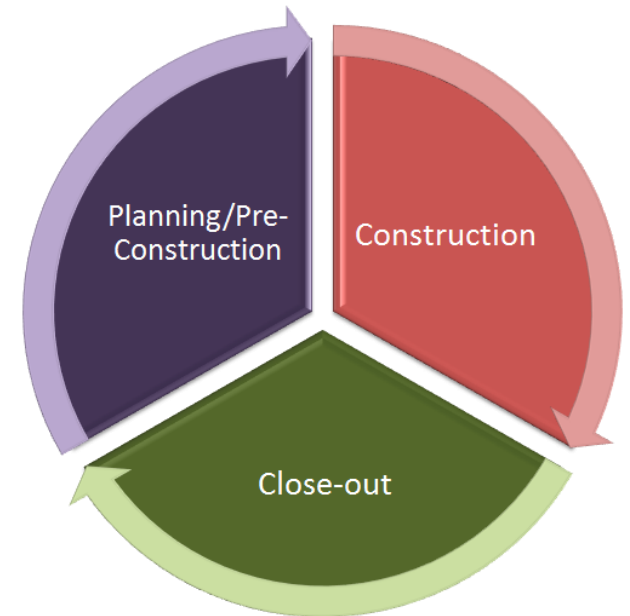
Risk assessment & contractor billing review

- Benefits:**
- Identifies overspend timely
 - Raises awareness and transparency

- **Close-out**

Evaluate total costs, and verify key contract requirements

- Benefits:**
- Ensures contract compliance and deliverables



Contract and Bid Review

- CSI code breakout
- Contract dates vs project schedule
- Self-performed work
- Percentage completed
- Overhead, profit and general conditions
- Department request for change
- Bid and performance bonds
- Washington University contract - subcontractor terms
- Exhibits and Appendices

Change Orders

- Markup calculation template
- Credit for project changes
- Approval before work begins
- Best practices
 - Utilize University labor rates
 - Timeliness from Contractor and University
 - What to look for PM vs. Accountant

Labor

- Staff labor
- Trade labor
- Duplicate charges

Materials

- Sales tax
- Warehouse charges
- Purchased equipment
- Substandard materials or substitutions
- Exercise #1
 - Duplicate charges
 - Old vendor invoices
 - Invoices for another project
 - Discounts

Equipment

- Reasonable rental rates
- Equipment values
- Exercise #2
 - Independence of the third-party vendor
 - Calculation accuracy
 - Usage vs. time on-site

Insurance

- Compliance to contract terms
 - Certificate of Insurance
 - Purchased coverage
 - Expiration dates
 - Waiver of subrogation and additional insured sections
- Builders risk
- Property insurance
- Subguard program
- CCIP

Other

- Lien waivers
- Schedule of values
- Reimbursements

Questions?

Thank you for your time, efforts, and cooperation

