

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
<b>2204 TGT Construction Project Management</b>			Issued: <b>4/1/2025</b>	
1.1	The City Engineer should establish requirements for comprehensive review of cost proposals, by obtaining independent estimates for comparison or an independent review by a qualified cost estimator. Additionally, require detailed support for the approved construction costs, including breakdown of cost estimates, labor costs, allowances, and general conditions/requirements. Ensure that cost estimates support and agree to the approved GMP.	Feb 2026: The department updated its PM Digital guide with general guidelines for reviewing cost proposals and provided internal training to staff in January.	Implemented	<input checked="" type="checkbox"/>
1.2	The City Engineer should establish requirements for monitoring of subcontractor selection and verification of final subcontracts. Require the contractor to track subcontractor buyout and make adjustments to the construction costs as appropriate.	Feb 2026: The department updated its PM Digital guide with general guidelines for monitoring subcontractor selections and provided internal training to staff in January.	Implemented	<input checked="" type="checkbox"/>
2.1	The City Engineer should provide guidelines for project management to evaluate the best-fit payment terms for each project and ensure agreed upon terms are followed.	Feb 2026: The digital PM guide and training slides provide descriptions of the various payment terms and states that the Project Manager will verify the best-fit terms. Specific guidance for evaluating the best-fit terms are not described. Jun 2026: T&I reported that the policies and procedures guide provides specific guidance. Auditors will request and review the specific procedures for the next status update.	In Progress	<input type="checkbox"/>

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2.2	<p>The City Engineer should work with the City Attorney's Office to ensure standard construction contract terms adequately address expectations for payment of construction work. Develop multiple templates, or template options, to ensure specific terms are tailored to the chosen payment method, such as indicating how each cost or group of costs will be billed. For cost-plus fee payment terms, ensure that contract language specifies the allowable and unallowable costs, as well as documentation requirements and reporting of final project cost.</p>	<p>Feb 2026: The department reported that it is requesting the City Attorney's office provide template language. Jun 2026: No progress reported. T&amp;I stated that the City Attorney's office is responsible for contract language.</p>	In Progress	<input type="checkbox"/>
3.1	<p>The City Engineer should require review and reconciliation of the Schedule of Values to ensure it aligns with the GMP cost proposal. Subsequent changes to the Schedule of Values should be documented and approved.</p>	<p>Feb 2026: The department updated its PM Digital guide with guidelines for reconciling the SOV to the approved GMP and requiring review and approval of changes. Internal training was provided to staff in January.</p>	Implemented	<input checked="" type="checkbox"/>
3.2	<p>The City Engineer should establish expectations for timely review and approval of change orders, ensuring that cost proposals are consistently reviewed for errors and adequately supported. Change requests, including those funded by Project Contingency, should be formally authorized prior to the initiation of work unless an emergency need is documented.</p>	<p>Feb 2026: Updated procedures state that change orders, including those funded by Project Contingency, should be reviewed by the project manager, along with an independent cost estimate, and an opinion from the project engineer on the cost and need. Approvals will be documented through meeting minutes. However, updated procedures do not cover timeliness or the requirement for authorization prior to initiating work, only that "change orders should be handled expeditiously".</p>	Part Impl'd	<input checked="" type="checkbox"/>
3.3	<p>The City Engineer should require project management team to actively monitor the status of all change requests and their estimated cost, not solely relying on the contractor's tracking. Where applicable, verify final costs against cost estimates.</p>	<p>Feb 2026: Updated procedures state that change orders should be tracked during construction meetings, listed on the agenda, and expenses itemized on pay applications. The department should further specify the project management team's responsibility for monitoring the status of requests or verifying final costs. Jun 2026: Additional information regarding project management's monitoring responsibilities is still needed.</p>	In Progress	<input type="checkbox"/>

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3.4	The City Engineer should develop and implement stronger internal controls over the payment process that ensure billings are reviewed for accuracy and completeness of supporting documentation, including establishing formal procedures, adding validation checks over data entry, and requiring cancelation of lost payments before re-issuance. If review of billings and supporting documentation is assigned to a consultant, ensure expectations are clearly communicated.	Feb 2026: Procedures for pay application processing have been updated but still need to address duplication or cancellation of payments, and department expectations for pay application review performed by consultants. Jun 2026: T&I has not made procedural changes and reported that duplication of payment is not possible in the new ERP system. However, because payment support and invoices are generated by the department, system controls may not identify duplication when invoice numbers have been modified as noted in the audit. According to T&I, the new project management software to be implemented in October 2026 will manage pay applications. To mitigate this risk the City Auditor's Office communicated past duplicate invoice issues to Accounting for monitoring. A/P staff will manually review for this risk on construction invoices.	Part Impl'd	<input checked="" type="checkbox"/>
3.5	The City Engineer should evaluate options for construction management software solutions that strengthen cost management processes and improve project management efficiency.	Feb 2026: The department reported that it has acquired project management software and is in the early stages of implementation.	Implemented	<input checked="" type="checkbox"/>
4.1	The City Engineer should ensure that extensions to construction project completion dates are documented as they occur, including the cause of the delay, through a formal change order.	Feb 2026: This recommendation is in progress. Procedures for documenting change orders need to address required documentation for changes to contract time due to delays. Jun 2026: T&I reported that written procedures were completed. Auditors will request and review for the next update. Additionally, the department stated that change orders for time will be part of the new PM software. Implementation of the application is expected October 2026.	In Progress	<input type="checkbox"/>

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4.2	The City Engineer should establish processes that ensure complete project files meet department standards, as well as Administrative Regulation 215, for documentation of contract administration activities.	Feb 2026: The department has provided general training to staff regarding documentation; specific processes will be impacted by the capabilities of the new project management software and will be reviewed by auditors when they are further established. Jun 2026: T&I reported that the PM software implementation is underway, with completion expected October 2026.	In Progress	<input type="checkbox"/>