

Effective Auditing of Construction Activity

Presented by:
Construction Audit & Cost Control Institute, Inc.,
and
Courtenay Thompson & Associates

Two-day course covering proven construction audit strategies and techniques to enhance your organization's ability to effectively control construction costs. Attendees will learn "how-to" effectively establish audit coverage to achieve "risk based" cost avoidance and/or cost recovery results.

Benchmarking Topics Include:

- >Typical contractor fees for cost plus fee with GMP construction manager/general contractor projects of various sizes*
- >Change Order markup percentages allowed on subcontractor self-performed work and work by sub-subcontractors*
- >Typical charges for general liability insurance*
- >Typical charges for Subcontractor Default Insurance (subguard)*
- >Typical charges for Contractor Controlled Insurance Programs (CCIP)*
- >Typical charges for worker's compensation when the contractor is self-insured and/or uses high deductibles*

Effective Auditing of Construction Activity

Seminar Overview

On many construction projects, hidden overcharges by prime contractors or subcontractors can easily total 1% or 2% of the project costs. In poorly controlled construction environments, fraud, waste and abuse contribute to even greater losses. By exploring overcharges – how they occur and how they may be identified and recovered, attendees learn the knowledge and skills needed to address this challenge. This practical, experience-based seminar provides attendees with the ability to look beyond their traditional role by providing them with insight on how to help their organizations bring construction projects in on-time, within budget, at the desired quality, and at a fair price.

Prerequisite: None

Learning Level: Basic

Delivery Method: Group Live

Advance Preparation: None

This seminar will address key construction audit and cost control aspects for various types of projects that use any of the following contracting strategies and/or delivery methods:

- Cost plus FEE - Construction Manager at Risk-Guaranteed Maximum Price (GMP) contracts
- Cost plus FEE – Design-Build GMP contracts
- Cost plus FEE contracts with General Contractors (with or without a GMP)
- Cost plus FEE contracts with major subcontractors/trade subcontracts (with or without a GMP)
- Lump sum and/or Unit price prime contracts or subcontracts

Course Objectives:

1. Owner's Construction Auditors will learn specific "how to" techniques for conducting effective audits of their organization's construction activity.
2. Owner's Project Managers will learn specific key control points that will increase their ability to manage the costs of their construction projects.
3. Owner's Project Managers will learn how to effectively partner their construction auditors to more effectively control the costs of their construction projects.
4. Issues to consider to help your organization avoid making costly mistakes when entering into construction contract agreements.
5. Key steps to ensuring the best value is received when the CM/GC contracts with subcontractors.
6. Critical process to ensure subcontractor change orders are fairly priced.
7. Process to control costs related to materials purchased by the Contractor.
8. How to structure your contract to ensure you do not overpay for contractor owned equipment.
9. Possible overcharges for third party equipment to watch out for.
10. How to avoid making excessive payments for subguard and/or contractor controlled insurance programs.
11. Methods to effectively minimize the loopholes in contracts that create opportunity for contractors to realize excessive hidden profits.
12. Management/construction audit partnering strategies to ensure construction cost controls are working as anticipated to benefit the project.

Who Should Attend:

Owner Organization Representatives Including:

Owner's construction audit representatives (internal audit and/or external construction audit consultants).

Owner's construction management executives, project managers, administrators, procurement representatives and/or legal representatives.

Effective Auditing of Construction Activity

About the Instructor

Rich Townsend is president of the consulting firm R. L. Townsend & Associates, Inc., which provides construction audit and construction cost control consulting services to Owner organizations.

Since 1985, Mr. Townsend has been active as an instructor for the construction cost control and audit professional development programs sponsored by The Institute of Internal Auditors, Inc. and the University of Wisconsin – School of Business – Executive Education. In affiliation with Courtenay Thompson & Associates, he also instructs in-house seminars related to construction contract audit and construction cost control for a wide variety of organizations and industries throughout the United States and Canada.

Prior to starting his consulting firm, Rich spent 13 years with the auditing department of JCPenney. During his internal auditing career (1971-1984), he served in several staff and audit management positions with a specialization in audits of construction contract activity.

Mr. Townsend is a Certified Construction Auditor and a Certified Internal Auditor. He is a graduate of Waynesburg College (Waynesburg, Pennsylvania) where he obtained a Bachelor of Science Degree with a major in accounting.

Topics to be Discussed Include:

1. Lump sum pre-construction services versus cost reimbursable pre-construction services
2. Pre-established labor billing rates versus reimbursement of actual wages and verifiable labor burden
3. Lump sum general conditions versus cost reimbursable general conditions
4. Lump sum self-performed contractor work versus cost plus fee with GMP for self-performed contractor work
5. Converting GMP contracts to lump sum contracts
6. Supported payment applications versus percentage of completion payment applications
7. Pre-agreed labor burden percentages versus reimbursement for actual defined labor burden costs
8. Bonding both the prime contractor and the subcontractors
9. Subcontractor default insurance (subguard) versus conventional performance and payment bonds
10. Savings sharing clauses versus no savings sharing clauses
11. Worker's Compensation and General Liability Insurance – Conventional insurance versus Contractor Controlled Insurance Programs (CCIP)
12. Worker's Compensation and General Liability Insurance – Conventional insurance versus Owner Controlled Insurance Programs (OCIP)

For more information regarding refund, complaint and program cancellation policies, please contact our offices at info@caacci.org

Registration Information

Tuition: *The Regular Registration Fee of \$1,195 may be paid by check or Credit Card (MasterCard, Visa or AMEX)*

To Register On-line visit:
www.caacci.org

To Register by Telephone:
(214) 361-8346

To Register by Mail or FAX (see separate downloadable seminar registration form at
www.caacci.org

CPE Sponsor:

*Courtenay Thompson & Associates
10935 Estate Lane, Suite 300
Dallas, Texas 75238*



Registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417. Web site: www.nasba.org

Recommended CPE Credits:

Participants are eligible to receive 16 CPE credits.

Class Hours: *The 2 day seminar will start at 8:30 am and end at 4:30 pm each day.*