

**Conroe Independent School District  
Major Life Cycle Expenditures-2008  
Audit Program**

<b>AUDIT PROGRAM</b>	<b><u>W/P</u> <u>References</u></b>	<b><u>Initials</u></b>
<b>AUDIT OBJECTIVES</b>		
<ol style="list-style-type: none"> <li>1. To determine that systems are in place to ensure an adequate level of control over each operation in the construction process. To evaluate the adequacy of internal controls over the Construction project.</li> <li>2. To determine that construction objectives associate directly to the mission and strategic plan of the organization.</li> <li>3. To verify the propriety of the amounts paid for construction.</li> <li>4. To determine that assets are properly recorded and classified.</li> </ol>		
<b>AUDIT SCOPE</b>		
1. Obtain a copy of the construction contract (and related addenda) and highlight significant and specific terms		
2. Document procedures for formally closing out construction contracts. Construction closeout should be a structured process involving final acceptance of the contractor's work, receipts of acceptable documentation required by the contractual terms and an evaluation of the contractor's performance.		
3. Ensure that final payment of a construction contract and release of retention does not occur until the following documentation is received. <ul style="list-style-type: none"> <li>• Releases of liens from the contractor and its suppliers and subcontractors.</li> <li>• Titles to major equipment incorporated into the facility.</li> <li>• Warranty documentation</li> <li>• Project close out notebook from architect.</li> <li>• As built drawings</li> <li>• Inspections and acceptance records</li> <li>• Operating and maintenance manuals</li> <li>• Possibly spare parts, special tools, and consumable supplies.</li> <li>• Application for Payments Folder</li> <li>• Change orders</li> <li>• Summary list of items charged to Owners Contingency.</li> <li>• Proposal Requests and Allowance Authorizations documentation.</li> </ul>		

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4. Determine if a pre-punch inspection was performed prior to the final walk through. If no pre-punch inspection was performed, determine that final punch list was satisfactorily completed.		
5. Determine that a Certificate of Occupancy was obtained if required according to building permit.		
6. As-built drawings are of particular importance. They often represent the only accurate record of the constructed facility and are often needed for operations, maintenance, and repair throughout the facility's life. Should renovations or retrofits be needed years later, the as-builts allow these to be designed and constructed with full knowledge.		
7. Review the last payment request. Check the request for mathematical accuracy. Confirm that the following were included. a. Credits recorded in the Contract change orders and other contract documents are properly included in the final payment computation. b. The computation of the contingency allowance is in accordance with the approved CCO's.		
8. Obtain the job close out file and determine the following items are present. a. Final signed off owner letter of final completion or other release. b. Building and other permits. c. Documentation of inspections performed. d. General correspondence with customer, inspectors, etc.		
9. Determine the project was "closed" in the accounting system to prevent further charging of costs to it. Review project close out requirements checklist.		