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**CONSTRUCTION
SERVICES**
Center of Expertise
Construction Audit

- Client:** A large hospital in Kansas City
- Need:** A \$330 million hospital-expansion project was underway, and an immediate assessment of controls, budget, commitments, cost-to-date and projected final costs was needed.
- Reason:** The project was over budget and behind schedule. Construction was continuing even though final decisions of what was to be in the finished expansion had not been made and there was concern that a direct-purchase program being used for the first time on the project might not achieve its intended benefits.
- Capabilities:** A resource was needed that could: assess current costs vs. the authorized budget; provide recommendations to finalize the project's scope; conduct interim and closeout audits to validate contract compliance and identify potential cost recoveries; review purchasing procedures and evaluate vs. best practices; review contract agreements; and provide experienced construction auditors who could quickly assess and address the client's various needs.
- We Provided:** Jefferson Wells provided a team with an average 25 years experience in construction finance and operations.
- After researching and analyzing the project's current status, we produced an audit report that included: budget assessment and recommendations; a risk matrix with process-flow diagrams, with particular emphasis on where key controls need to be added and/or enhanced; a best practices document for contract administration; an interim audit that identified \$330,000 in advance billings; a closeout audit that identified \$280,000 in cost overruns; and architect and general contractor contract reviews.
- We worked with the contractor and architect to develop scope reductions and value-engineering alternatives, resulting in a project that could be built within the budget. Our team also identified outmoded construction contracts (which have since been updated).
- Results:** The client voted to adopt our recommendations. Our team also identified the need for an executive to oversee the construction program and provided a sample job description that's been used in the search to fill that position. In addition, the hospital has asked us for assistance in budget tracking and updating reports.

Jefferson Wells delivers professional services in the areas of risk advisory, tax, and finance and accounting. We serve clients, including Fortune 500 and Global 1000 companies, through highly experienced professionals working from offices worldwide.

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