



Construction Co-Sourcing Audit Presentation to City Council



June 27, 2023

Agenda

- ▲ Who We Are
- ▲ Our Experience
- ▲ Engagement Scope
- ▲ Risk Assessment & Methodology
- ▲ Audit Plan
- ▲ Thank You



Who We Are

Established in 2001, Talson Solutions, LLC is an MBE Capital Program Advisory firm, 100% dedicated to construction auditing, compliance, project management, consulting, and risk assessments for capital programs.

Subject matter expert staff in accounting, auditing, architecture, construction management, engineering, finance, project management, and transportation/infrastructure.

Mission: Provide project stakeholders, including audit committees, funding sources, trustees, and executive management, with verifications and assurances that their project team and contractors are executing a well-planned, quality project, are performing efficiently and effectively, and are minimizing risk.

Talson is a trusted and valued service partner to private and public sector clients across the US and internationally.

Since 2001, Talson has audited and/or monitored over \$40 billion in capital projects.



Our Experience



Panama Canal Expansion

Construction Auditing, Vendor Reviews & Risk Assessment for Canal Expansion Program, Third Set of Locks Project



Denver Water

Governance Assessment

Risk Management Assessment

Construction Audit

Construction Audit Training



City of Aurora Colorado

Pre Contract Review

Close-out Audit

Monthly Payment Application Review



Los Angeles County Metropolitan Transportation Authority

Performance Audits of Regional Connector & Crenshaw Transit Projects

Contractors Reviewed



Hensel Phelps Construction Co.

AECOM

Turner

SKANSKA



Engagement Scope

Capital Program Operational Risk Assessment of the City's 22-23 Capital Improvement Plan(CIP)

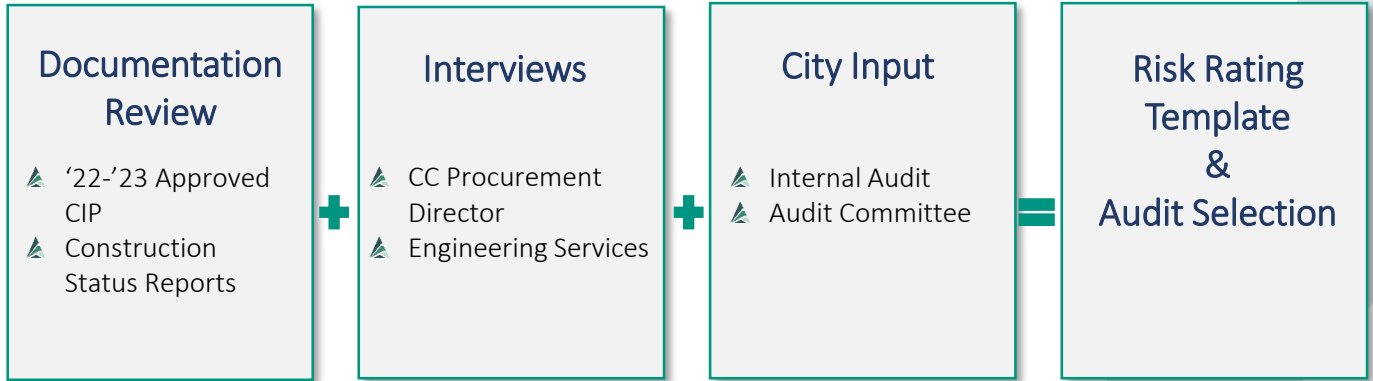
Activities Included:

- ▲ Co-Sourcing approach
- ▲ Weekly status meetings with City's Internal Audit personnel and key engineering personnel
- ▲ Assessing documented Capital Program Governance and Project Administration Controls (document review and interviews)
- ▲ Ranking projects based on select risk criteria (quantitative & qualitative)
- ▲ Develop five (5) year audit plan with specific project selection for Years 1 – 4 and project selection for Year No. 5 TBD

Note: In 2021, Talson facilitated to Corpus Christi Internal Audit a "Construction Audit Training" session



Risk Assessment & Methodology



Risk Considerations

- ▲ Ratios: Cost to Schedule
- ▲ City and Regulatory Priorities
- ▲ Contract Type
- ▲ Project Duration
- ▲ Change Orders
- ▲ Construction Contract Value

Projects Reviewed 51



Audit Plan

2023 Recommendations

	Audit No. 1	Audit No. 2	Audit No. 3	Audit No. 4	Alternate/No. 5
Project	Williams Lift Stations	Junior Beck Dr.	Greenwood WWTP Electrical	Police Academy	Packery Channel/ Sidewalk
District	4	3	3	5	4
Department	Wastewater	Streets	Wastewater	Public Safety	Parks & Rec
Construction Contract Value	\$11.6 million	\$4.9 million	\$6.0 million	\$21.0 million	\$14.9 million
Justification	Regulatory/ Completed Project	Delayed Completion/ Identified by Audit Committee	Regulatory/ Identified by Audit Committee	32% Budget Increase	Close-Out
Reported Work Done	\$2.4 million	\$2.3 million	\$5.8 million	\$0	\$1.5 million

2024-2026

12 Projects totaling \$463 M of construction cost

2024 - Districts 1, 2, 3 and 4

2025 - Districts 1 to 5



Thank You

Talson

- ▲ Embraces Co-Sourcing Partnership with City
- ▲ Financial / Technical Expertise
- ▲ Industry Reputation and Relationships
- ▲ Cost Prevention & Savings
- ▲ Valued Service Partner
- ▲ Commitment & Integrity

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