

City of Corpus Christi City Auditor's Office

F25-011

Construction Closeout Audit of Terminal Building Rehabilitation Phase II Follow-Up Report

**George Holland
City Auditor
December 18, 2025**



Executive Summary

As part of our annual audit plan, we followed up on the AU25-001 Engineering – Construction Closeout Audit of Terminal Building Rehabilitation Phase II Audit Report dated February 28, 2025. The primary objective of the follow-up review is to verify that management has taken effective action to address the findings and recommendations from the original audit.

The original closeout audit was performed by Talson Solutions, LLC. and primarily focused on contractual compliance by SpawGlass but also included assessing the City's construction and engineering management of capital program areas including construction cost and change management, project administration, progress status, and cost reporting. Talson's audit objectives were to verify SpawGlass' compliance with the Agreement, adherence to established controls and procedures, and assess the completeness and allowability of construction costs. The audit focused on the City, Fulton, and TRA's activities from Project commencement through November 2024.

In the original audit, there were no findings, and one observation and the recommendation of this observation is separated into two parts as mentioned in pg. 1. The following observation was identified:

- The required Project Risk Assessment was not performed.
- Corpus Christi International Airport (CCIA) project staff have not received mandatory training on Risk Management Procedures.

The original audit made one observation for improvement across four areas for department management. The four areas included construction cost and change management, project administration, progress status, and cost reporting.

In December 2025, Auditors reviewed the information submitted by the Management and found that part A.1-1 of the recommendation is in progress, and part A.1-2 of the recommendation is not implemented. The current statuses can be seen on pages 1-2.

We conducted this follow-up review in accordance with the Global Internal Audit Standards. These standards require that we confirm that management has implemented our recommendations or management's action plans. We inquired about the progress on implementation, performed follow-up assessments using a risk-based approach, and updated our tracker and Five-Year Follow-Up Dashboard to reflect issues and report this at every Audit Committee Meeting.

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F25-011 Construction Closeout Audit of Terminal Building Rehabilitation Ph. II Follow-Up Report

Issue No.	Recommendation & Action Items	Management Assertion	Audit Status
A.1-1 Risk Assessment Training			
A.1-1	Did Engineering Services provide adequate training for CCIA project management staff to ensure risk assessments are conducted during the design and construction phases of projects?	<i>In Progress</i>	<i>In Progress</i>
A.1-2 Risk Assessment Documentation			
A.1-2	Did Engineering Services oversee the Project Management's staff's adherence to the QA2 Risk Management Procedure by monitoring the creation and maintenance of a risk register, the completion of the risk analysis spreadsheet, documentation from risk meetings and workshops, and the monthly updates to project risks until they are fully mitigated or retired?	<i>Not Implemented</i>	<i>Not Implemented</i>

Legend:

In Progress Action or control in the process of being implemented.

Not Implemented Action or control not implemented.

Staff Acknowledgements:

Amr Hussein CIA, CFE, CISA - Audit Manager

Joseph P. Lopez MSFE - Auditor

Appendix A: Additional Follow-Up Information

A. 1-1 Risk Assessment Training

In the original audit, Talson stated that the Corpus Christi International Airport (CCIA) project management staff did not receive training on the Risk Management Procedure.

Engineering Services is **scheduling mandatory training** on the department's **Risk Assessment Policy** for Corpus Christi International Airport (CCIA) staff in **January 2026**.

Recommendation:

Engineering Services should provide, as recently done with other project managers, adequate training for CCIA project management staff to ensure risk assessments are conducted during the design and construction phases of projects.

Management's Assertion: In Progress

Audit Status: In Progress

A. 1-2 Risk Assessment Documentation

In the original audit, a Risk Assessment had not been performed using the Risk Management Procedure from Engineering Services for this Project.

Engineering Services stated that due to a recent change in Director leadership at CCIA, the consultation on the adoption of Engineering's Risk Assessment Policy is pending the Engineering Services meeting with the new leadership.

Recommendation:

Engineering Services should oversee the Project Management staff's adherence to the QA2 Risk Management Procedure by monitoring the creation and maintenance of a risk register, the completion of the risk analysis spreadsheet, documentation from risk meetings and workshops, and the monthly updates to project risks until they are fully mitigated or retired.

Management's Assertion: Not Implemented

Audit Status: Not Implemented

Appendix B: Management's Response

December 18, 2025

George H. Holland
City Auditor
Corpus Christi, Texas

Re: FU25-011 Construction Closeout Audit of Terminal Building Rehabilitation Ph. II
Follow-Up Report

Engineering Services has carefully reviewed the follow-up report referenced above. As there are no new recommendations for management, no responses are required.

Agree

Disagree

Regards,



Jeffrey Edmonds
Director of Engineering Services

December 24, 2025

Date



Michael Rodriguez
Deputy City Manager

Date



Peter Zanetti
City Manager

1.7.26

Date
