



FU25-F02 Junior Beck Drive Closeout Review Follow-Up Report

City Auditor's Office

George H. Holland

July 7, 2025

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EXECUTIVE SUMMARY

As part of our annual audit plan, we conducted a follow-up review of the AU23-002 Engineering, Construction Contract Closeout Audit of the Junior Beck Drive Audit, dated June 4, 2024. The primary objective of the follow-up review is to verify that management has taken effective action to address the findings and recommendations from an audit.

The original report concluded that the contractor is non-compliant with the requirements for requesting time extensions to Contract Time. The City's Policy E17, Project Closeout Procedure, does not provide guidance on the duration required for various types of contracts (lump sum, unit price, and GMP) to complete the project closeout phase. The punch list documentation produced by Urban Engineering is missing industry-standard information. Incomplete Change orders are unsupported by a detailed cost estimate, change order procedure, or an opinion from Urban Engineering with supporting documentation. The progress meeting minutes are deficient in detail, failing to record the meeting attendees, the project status, and missing documentation of verbal directions given, as well as any issues or outstanding items that may impact the timely completion of the project. Talson was unable to obtain any documentation to determine if a formal risk assessment was performed for the project by Engineering Services.

The original report made seven recommendations for improvement across five areas for department management. The five areas included contract compliance, change management, cost management, progress status, and project administration.

Management accepted the recommendations from the original report and agreed to make appropriate changes in their processes and instructions.

On June 13, 2025, management indicated that six of the seven recommendations had been implemented. We reviewed the submitted information and concluded that six of the seven testable recommendations have been implemented, while one has not been implemented.

A complete list of recommendations and current statuses can be seen on page 4. Additional information on "Not Implemented" recommendations can be found in Appendix A.

Management agrees with the conclusions of this report, and we would like to commend them for their assistance during this process.

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.

FU25-F02 JUNIOR BECK DRIVE CLOSEOUT REVIEW

Recommendation No.	Recommendation & Action Items	Management Assertion	Status	Date of Implementation	Point of Contact
F.1 - Time Extension Requests	Did Management update the written procedures to include a revised schedule on time extension requests and conduct training on time impact analysis?	Implemented	Implemented	5/8/2024, 4/29-30/2025	J. Edmonds
O.1 - Final Change Order	Did the City update Policy E17 for guidance regarding contract closeout timelines and align the construction agreement language to establish a target number of days for contract closeout?	In Progress	Not Implemented	Estimated completion 9/30/2025	C. Fernandez
O.2 - Punch List	Did the City enhance its tracking and management of punch list items by creating a standard punch list document to be used City-wide on all construction projects?	Implemented	Implemented	3/15/2024	J. Johnson
O.3 - Unsupported Unit Changes	Did the City employ means to independently verify change proposal pricing as part of the approval process, document the results in writing, and include the documentation in the change order support information?	Implemented	Implemented	5/8/2024	J. Edmonds
O.4 - Missing Change Order Support Documentation	Did the City adhere to contract provisions governing information to be included in Change Proposals and Policy E16 Change Order procedure requiring processes for transparency and agreement of approved costs?	Implemented	Implemented	6/4/2024	J. Edmonds
O.5 - Meeting Minutes	Did the City create a meeting minute template to be used City-Wide in all design and construction projects?	Implemented	Implemented	3/15/2024	J. Johnson
O.6 - Risk Assessment	Did Engineering management ensure risk management procedure is being met for all projects?	Implemented	Implemented	10/31/2024	J. Edmonds

Legend:	
<i>Implemented</i>	Evidence supported documentation.
<i>Not Implemented</i>	Action or control not applied.
<i>In Progress</i>	Action or control in the process of being.

APPENDIX A - ADDITIONAL FOLLOW-UP INFORMATION

A. Final Change Order

O.1 Engineering Services is in the process of updating all departmental policies and procedures. However, **Policy E17** has not yet undergone review or revision. Staff continue to adhere to the established standard operating procedures, which stipulate that project close-out commences upon final substantial completion for the final estimate.

Recommendations:

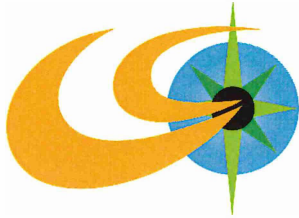
1. The City should update Policy E17 for guidance regarding contract closeout timeliness and align the construction agreement language to establish a target number of days for contract closeout.

Management Assertion: In Progress
Audit Status: Not Implemented

Staff Acknowledgement:

Amr Hussein, CIA, CISA, CFE, Audit Manager
Joseph P. Lopez, Auditor

APPENDIX B - MANAGEMENT RESPONSE



July 7, 2025

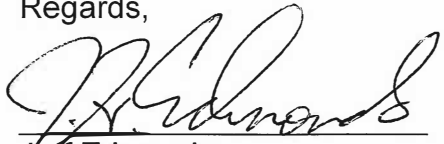
George H. Holland
City Auditor
Corpus Christi, Texas

Re: FU25-F02 Engineering Services Junior Beck Drive Closeout Follow-Up Review.

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

☒ Agree
☐ Disagree

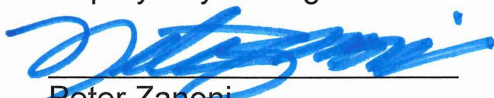
Regards,


Jeff Edmonds
Director of Engineering Services

7/8/25
Date


Michael Rodriguez
Deputy City Manager

7.11.25
Date


Peter Zaroni
City Manager

7.15.25
Date