



AGENDA MEMORANDUM

Action Item for the Audit Committee Meeting of November 4, 2025

DATE: October 27, 2025
TO: Roland Barrera, Audit Committee Chair
FROM: George Holland, CIA, CISA, CCA, City Auditor
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**Motion to accept F25-005 Engineering – Williams Lift Station
Follow-Up Report**

CAPTION:
Motion to accept F25-005 Engineering - Williams Lift Station Follow-Up Report.

PURPOSE:
Discuss follow-up results for F25-005 Engineering - Williams Lift Station Follow-Up Report.

BACKGROUND:
As part of our annual audit plan, we conducted a follow-up review of the A23-001 Interim Audit Williams Lift Station Audit Report, dated June 24, 2024. The objective of the original audit was to focus on contractual compliance by Associated Construction Partners Ltd. (ACP), while also assessing the City’s construction and engineering management of capital program areas, including construction costs, change management, project administration, progress status, and cost reporting. Talson’s audit objectives were to verify ACP’s compliance with the Contract, adherence to established controls and procedures, and assess the completeness and allowability of construction costs.

The report concluded that the Project is progressing beneficially despite delays in long-lead material delivery. Communication between the City, ACP, and Urban Engineering was found to be adequate and timely, keeping the Project Team informed. However, the audit identified one finding of contract non-compliance due to the City's excessive time taken to execute change orders and make payments, along with six observations in change management, cost management, and project administration. ACP acknowledged and committed to correcting their non-compliant practice of withholding 10% retainage from subcontractor payments, instead of the allowed 5%, for this and all other City public works contracts.

The original report made recommendations for improvement in five areas for department management. The five areas included: construction costs, change management, project administration, progress status, and cost reporting.

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

On July 23, 2025, management indicated that four of the six recommendations had been implemented. We reviewed the information submitted and concluded that four of the six testable recommendations have been implemented, and two are in progress.

ALTERNATIVES:

The Audit Committee may reject all or part of this audit report as presented.

FINANCIAL IMPACT:

N/A

FUNDING DETAIL:

N/A

RECOMMENDATION:

Staff recommends that the Audit Committee accept the F25-005 Engineering - Williams Lift Station Follow-Up Report.

LIST OF SUPPORTING DOCUMENTS:

- F25-005 Engineering - Williams Lift Station Follow-Up Report