

How Auditors Can Work Effectively with Contractors, Sub-Contractors, Engineers and Architects

Live Webinar

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11 a.m. – 12 p.m. Central Time

Presented by:



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How Auditors Can Work Effectively with Contractors, Sub-Contractors, Engineers and Architects

June 2019



Agenda

- Housekeeping
- Audience engagement in today's webinar
- Guidelines for earning CPE credit from NACA
- Recap learning program and learning objectives



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Program Summary

To discuss risks that confront project owners during and after construction; the positive impact of open coordination and communication, how the timely exchange of information translates into better budget management of the construction process, and how to bridge the gap between owner and contractor.

Learning Objectives

1. Change: The Budget Killer – How small changes have a ripple effect that can break a budget
2. Communication: Common Safeguards for Every Project
3. Construction Audit: The Last Line of Defense – How construction auditors work to save you money



Change **The Budget Killer**

How small changes have a ripple effect that can break a budget

Polling Question #1

Which of these small changes has the biggest impact to a construction project (pick one)?

- Minor design changes
- Schedule changes
- Reallocation of budget
- Improper use of allowances and contingencies



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Small Changes With Big Impact

- Minor design changes = Big Dollars
- Schedule changes
- Reallocation of budget
- Improper use of allowances and contingencies

Examples of Small Changes

- Moving a wall 1'- 0"
- Delay of a door shipment
- Moving costs from General Conditions into COW (Cost of Work)
- Unnecessary overtime charges billed against allowances and contingencies



Communication

The Safeguard to Every Project

Communication

- Importance of communication
- Causes of bad communication
- Possible results of lack of communication
- Areas of opportunity to improve communication
- Involvement of Stakeholders

Polling Question #2

What is the biggest opportunity to improve communication on your projects that would have the most impact on the budget (pick one)?

- Establish a chain of command
- Establish preferred method of communication
- Be an active listener
- Open dialogue and discussion
- Stick to the facts



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Communication

Ways to Improve Communication During Construction Audits

1. Establish a communication chain of command
2. Choose the right communication method for the message
3. Be an active listener
4. Avoid confusion, be clear and concise
5. Keep written communication professional at all times
6. Stick to the facts

Communication

Owner A

- Performed contract review
- Kickoff meeting in-person
- Team roles defined
- Audit program established

Owner B

- Contract already in place
- First meeting via conference call
- Team roles undefined
- Audit program misunderstood



Construction Audit

The Last Line of Defense

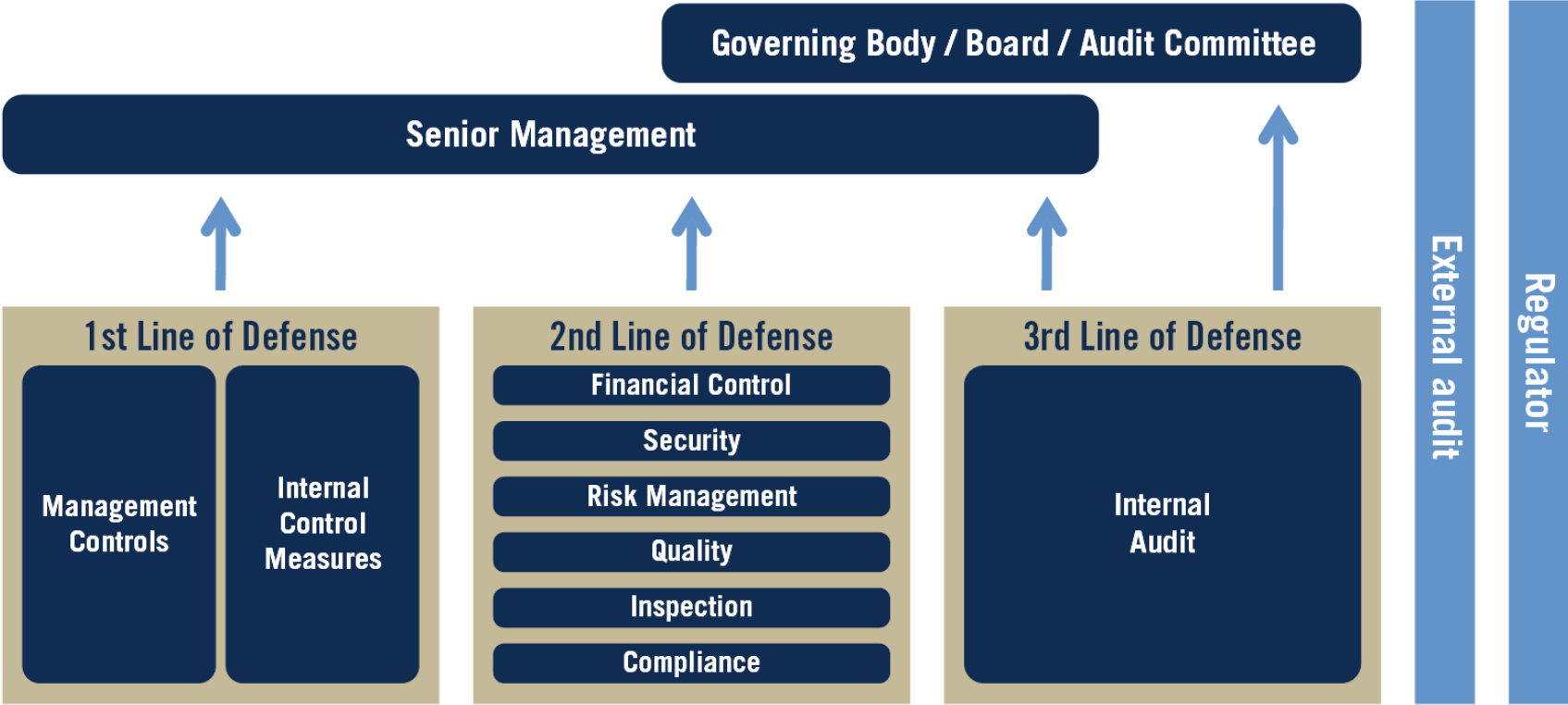
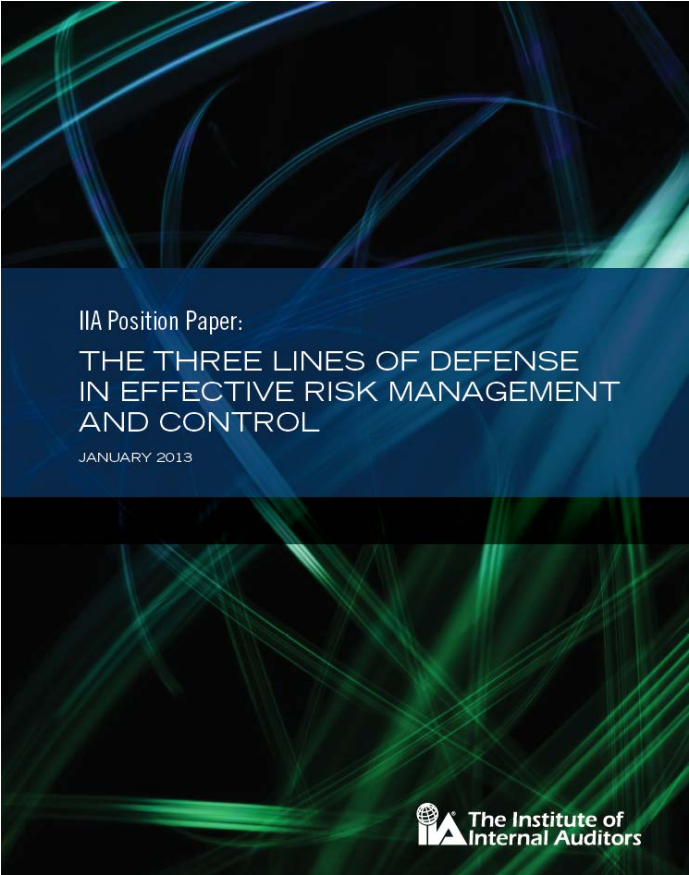
How construction auditors work to save you money

Construction Audit

Three Lines of Defense

- 1st Line of Defense – Contract
- 2nd Line of Defense – Owner's Representative
- 3rd (Last) Line of Defense – Construction Audit

The Three Lines of Defense in Effective Risk Management & Control



Construction Audit

Largest Areas of Opportunities for Cost Savings

- Labor wages
- Equipment rates
- Material costs
- Expenses (meals & entertainment)

Polling Question #3

During a construction audit, which cost center do you feel has the most potential for cost savings for the Owner (pick one)?

- Labor wages
- Equipment rates
- Material costs
- Expenses (meals and entertainment)



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Construction Audit

- Benefits of starting out on the front end of a project
 - Audit clause
- Benefits of establishing the audit team
 - Who should be involved?
 - Project coordination
- Benefits of working side-by-side with the Owner & General Contractor
- Benefits of a closeout construction audit



Question & Answer

Closing Comments and Announcements

Contact Information of Today's Presenters



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