



Construction Audit Professional Standards

Background / Overview:

The National Association of Construction Auditors (“NACA”) is a professional association that is focused on the construction industry. Its members come from a variety of different disciplines and educational backgrounds (e.g., accounting, financial auditing, engineering, project-management, or legal).

The NACA focuses on a particular activity within the construction industry. Specifically, members of NACA apply their professional expertise to investigate and report on the relationship between “expectations” and “results” of a construction project. Expectations are usually those held by the Owner of the project and typically memorialized in the construction contract. Results are what the construction effort creates and can involve one or several different areas such as, cost, quality, schedule, or performance.

The NACA Construction Audit Professional Standards* guide NACA members who perform Construction Audits whether functioning in-house or as independent professionals. The NACA Professional Standards are broken into three components:

1. **General Standards** which address the professional’s background and relationship with the auditee.
2. **Field Work Standards** which address the professional’s relationship with the engagement.
3. **Reporting Standards** which address the presentation of the results of the construction audit.

Professional Standards:

1. GENERAL:

- a. The Construction Auditor must have adequate training and technical proficiency in the areas covered by the construction audit’s scope.
- b. The Construction Auditor must maintain independence from the management of the project being audited.
- c. The Construction Auditor must exercise due professional care in performance of the Construction Audit and in the presentation of the results of the Construction Audit.

2. FIELD WORK:

- a. The Construction Auditor must obtain a sufficient understanding of the entity and environment in which the construction is being performed to assess the risk of relevant compliance issues.
- b. The Construction Auditor must adequately plan, and properly supervise the Construction Audit.
- c. The Construction Auditor must obtain sufficient data and/or records in support for all reported results, conclusions, or opinions.

3. REPORTING:

- a. The Construction Auditor may present the results of the construction audit verbally, as a written summary, or as a detailed written report.
- b. If the Construction Auditor prepares a detailed written report, then that report:
 - i. Should describe the objective(s) of the audit.
 - ii. Should describe the scope for the engagement.
 - iii. May describe what procedures were performed.
 - iv. Should describe, in summary or in detail, the results of the procedures performed.
 - v. May present relevant conclusions or opinions.
 - vi. May present proposed best practices for future projects.

**The NACA recognizes that those professional standards prescribed by other professional associations such as the American Institute of Certified Public Accountants (AICPA), Institute of Internal Auditors (IIA), and Association of Certified Fraud Examiners (ACFE) should be consulted when appropriate.*