



PMP081

Auditing

Construction Activities

Course Introduction:

Major construction can shape not only the public face but also: funding requirements, short-term expenditures, availability of capital for other projects.

Construction projects impact many aspects of the organization: will impact your balance sheet of your organization but drive long term profitability of your organization, service delivery, and long-term operating costs for many years.

Fraud is a major factor on many projects and fraud percentages range depending on the country, type of contract, specifics of the contract and phase of construction. Ironically some common fraud practices utilized in many companies are not expanded to construction projects. Fraud not only impacts project finances but attracts regulatory scrutiny, mars reputation, effects employee morale, Can compromise overall quality and project delivery. We will examine the phases of construction and the frauds that can occur at each and every one of these phases. In addition, attendees will learn mitigating controls to help reduce fraud or substantive tests to detect fraud. This class will examine industry recognized "Pillars of Success" the interrelationship between them and how the audit needs to adjust their focus to cover their areas. We will also see how these pillars impact overall risk of the project and how projects should be designed to ensure success across all project levels.

The focus of this training event is to prepare auditors and project managers to comprehensively address the factors required for a successful project, identify fundamental risk, and assist in the development of effective controls to help the project succeed. Attendees will learn essential fundamentals of construction management, to prepare a comprehensive risk assessment and effective audit testing steps to identify errors and emerging issues.

Course Objectives:

Upon successful completion of this course, the delegates will be able to:

- ✓ Understand key terms and make the auditor feel more comfortable in
- ✓ "Talking the talk" with the contractor and vendors. This includes
- ✓ Understanding the flow of a construction project.
- ✓ Implement effective governance over project management, understanding
- ✓ Common frauds, fraud prevention and fraud detection.
- ✓ Understand construction risks and how to manage them.
- ✓ Ensure effective change management over change orders, contingencies and claims.
- ✓ Learn strategies for identifying and recovering overpayments.

Who Should Attend?

Internal and External Auditors; Audit Directors and Managers; owner personnel responsible for construction activities in their organization; construction professionals who want a “big picture” view; Construction Accountants, Finance personnel and Construction Contract Administrators

Course Outline:

Day 1:

Key components of a successful construction project Construction project lifecycle:

- Investment
- Planning
- Contracting
- Vendor Selection
- Contracting
- Budgeting and Budgeting Analysis
- Progress Updates
- Payment Processes
- Inspections
- Safety
- Change Management
- Post close-out audit
- Key vocabulary and terminology
- Identify key players and understand their needs, roles and responsibilities.
- Effective project governance and management.
- Audit's role in construction: adding value and protecting the owner's interests.

Learn key risks and benefits of different contract types

- Lump Sum
- Cost Plus
- GMAX
- Design-Build
- Joint venturing
- Contract audit and review: avoiding the pitfalls.
- Key contract terms to ensure contractors and other construction professionals deliver.

- Key concepts to include in all construction contracts
- Contract law and employee law in the UAE

Day 2:

Change Management – preventing scope creep and cost overruns

- What are change orders?
- Examining why change orders occur and the risks they present
- Change order reporting and control
- Assessing the effectiveness of change management
- Testing change order
- Working with other key control functions: compliance, risk, actuarial, finance and internal audit especially under Solvency II regime

Phases of construction

- Identifying and managing risk
- Understand risks, exposures and challenges during each phase of construction from
- Design and ground breaking to project closeout
- Special concentration will be places on how these risks relate to each type of contractual agreement.

Day 3:

Ensuring your payment process has sound controls

- Fraud risks
- Reviewing the contractors payment application
- Retention, percentage of completion and lien releases
- Recalculation of equipment charges
- Recalculation of labor charges

Risks Management the key to project success

- Understand the full spectrum of risk that impacts your project
- Learn how audit can add value

Day 4:

The closeout process and successful wrap up

- Preparing a comprehensive punch list
- Punch list items addressed
- Ensuring credits have been identified, applied for and received
- Verifying warranties/guarantees after completion are intact and enforceable

- The importance of the final lien release
- Lessons learned

Validating Contractor claims

- Understanding what contractor claims are
- Understanding the cause of contractor claims
- Assessing the risk with contractor claims and steps to prevent or mitigate fraud/risk associated with contract claims
- Validating contractor claims are proper and supporting evidence is provided.

Day 5:

Managing Safety

- Testing for safety
- The importance of a walk-through
- Other tests for safety
- Contracting for safety
- Cultural effects on Safety

Cost Analysis

Real life cases students may encounter will be practiced and actual testing will be done around costing of:

- Labor and labor burden
- Material
- Equipment – Rentable vs. Owned
- Indirect Expenses
- Overhead
- Course review & close

Course Certificate:

International Center for Training & Development (ICTD) will award an internationally recognized certificate(s) for each delegate on completion of training.

Course Methodology:

A variety of methodologies will be used during the course that includes:

- (30%) Based on Case Studies
- (30%) Techniques
- (30%) Role Play
- (10%) Concepts
- Pre-test and Post-test
- Variety of Learning Methods
- Lectures
- Case Studies and Self Questionnaires
- Group Work
- Discussion
- Presentation

Course Fees:

To be advised as per course location. This rate includes participant's manual, and-Outs, buffet lunch, coffee/tea on arrival, morning & afternoon of each day.

Course Timings:

Daily Course Timings:

08:00 - 08:20	Morning Coffee / Tea
08:20 - 10:00	First Session
10:00 - 10:20	Coffee / Tea / Snacks
10:20 - 12:20	Second Session
12:20 - 13:30	Lunch Break & Prayer Break
13:30 - 15:00	Last Session