


Construction Audit of Carrville Community Centre, Library and District Park: Phase 2

Audit Committee – November 24th, 2025

Agenda

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1. Audit Objective
 2. Scope and Methodology
 3. Audit Conclusion
 4. Management Action Plans
 5. Next Steps
 6. Questions

Audit Objective

To evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with construction projects. This included policies and procedures related to the fiscal, operational, and administrative controls over construction activities, including project scope, cost, schedule, and quality.

Audit Scope and Methodology

- The scope of the audit will encompass the complete lifecycle of the project.
- Audit reports will be issued after the completion of the following project phases:
 - Planning and Design, and Bid and Procurement Phases (Phase 1). This Phase 1 report was presented to the Audit Committee on September 19, 2022.
 - Construction Phase (Phase 2).
 - Close Out Phase (Phase 3).

Audit Scope and Methodology

- Phase 2 included a review of:
 - Construction Project Management and Progress Reporting.
 - Contract Accounting Management Process.
 - Change Order Management Process.
 - Schedule Management Process.

Audit Conclusion

While we conclude that management has demonstrated operational improvements in this phase of the construction, opportunities for improvement would further strengthen project delivery, fiscal oversight, and governance, to mitigate future project-related risks.

Issues and Observations

The following opportunities were identified:

- 1 Mature the Project Contingency Estimation Process
- 2 Appropriately Utilize the Cash Allowances and Change Order Process
- 3 Ensure Invoices are Submitted on a Timely Basis
- 4 Enhance Project Management Continuity and Key Project Documentation Requirements

Management Action Plans

Management Action Plans

1

Mature the Project Contingency Estimation Process

- A risk-based methodology for estimating project-specific construction contingency will be developed and implemented for high-risk projects. This methodology will consider factors such as site conditions, project complexity, contract type, and market volatility.
- At the conclusion of each construction project, Infrastructure Development will conduct a post-project analysis comparing total costs incurred by construction discipline against the original contract budget. This data will be used to inform future contingency estimates and develop thematic risk profiles.
- The new methodology will be piloted on upcoming capital projects starting in Q3-2026, with full implementation targeted for Q2-2027.

Management Action Plans

2

Appropriately Utilize the Cash Allowances and Change Order Process

- A formal process will be established to ensure that expenditures charged to cash allowance categories do not exceed their original budgeted amounts.
- Project Managers will be required to initiate a change order when actual costs surpass the allocated allowance, ensuring that funds remain available for all planned scope items.
- Training and updated guidelines will be provided to all Infrastructure Development staff by Q1-2026 to reinforce best practices in cash allowance and change order management.

Management Action Plans

3

Ensure Invoices are Submitted on a Timely Basis

- Will amend the existing supplementary conditions to CCDC 2 to require that:
 1. The Contractor provide the City with a written declaration that confirms it has included all work performed (whether performed by the contractor, subtrades or suppliers) in its invoice; and
 2. The Consultant withhold payment certification until it has received the written declaration from the Contractor.

Target completion date is expected Q2-2026.

Management Action Plans

4

Enhance Project Management Continuity and Key Project Documentation Requirements

- A standardized key project documentation checklist will utilize lessons learned from previous similar projects for use on all future construction projects. This checklist will ensure that critical documents are uploaded to a centralized repository as they are received.
- Infrastructure Development will implement quarterly knowledge-sharing sessions among Project Managers to discuss project status, challenges, and milestones. This will support continuity and reduce the impact of staff transitions.
- These measures will be rolled out and piloted beginning Q3-2026, with full compliance expected by Q2-2027.



Next Steps

- ✓ Action plans have been developed
- ✓ Implementation is underway or completed
- ✓ Internal Audit will follow up and report on the status of these action plans



Questions?



Thank you!