



1

 CITY AUDITOR'S OFFICE Scottsdale Unified School District No. 48 Hohokam Bond Project October 13, 2021 AUDIT REPORT NO. 2116 Prepared for: Scottsdale Unified School District Governing Board Jana-Michael Greenburg, President Julia Ciesniarski, Vice President Patty Beckman Dr. Libby Hart-Wells Zach Lindsay	Intergovernmental Agreement approved by Governing Board and City Council Sharron Walker, City Auditor Lai Cluff, Senior Auditor Kyla Anderson, Senior Auditor Elizabeth Brandt, Senior Auditor CITY OF SCOTTSDALE
--	---

2

Audit Objective

Bond Project

Important Note

Results in Brief

Recommendations in Brief

Management Response

3

Key Terms

CMAR – Construction Manager at Risk (Contractor)

GMP – Guaranteed Maximum Price

Consultant – Architect, Design Consultant

Direct Construction Costs

- General Conditions Costs**
 - On-site Project supervision and project management
 - Bonds, Insurance
 - Temporary Project utilities and project requirements
 - Field Office & Office supplies
 - Safety supplies, materials, equipment
- Cost of Work**
 - Materials, supplies, equipment incorporated or consumed in the performance of the Work
 - Subcontracted work
 - Self-performed work (in lieu of subcontracted)
 - Project safety program
 - Other costs as required by the Contract Documents

Contractor's Contingency

- Negotiated, to reflect the risk inherent in the state of completion of the Construction Documents at the time of the GMP proposal
- Belongs to the CMAR if needed, but returned to the District if unused
- Written approval from District required

Construction Fee & Taxes

- Fee covers CMAR Profit and Overhead costs, such as personnel not allowable in general conditions, salary bonuses and incentives, vehicles, jobsite computers, cell phones, copiers and business equipment, home office operations and staff, recruitment costs, per diem and subsistence, etc

District Contingency

- Used for District-directed changes or unforeseen site conditions
- Approved with GMP Amendment, but NOT included in the Contract Price/ GMP
- Markups and taxes applied when it is approved for use

GMP

4

1. Closer review of the CMAR subcontractor selection, proposed GMP costs and contract time can better control construction costs.

- A. Establish or enforce existing procedures for District oversight of the subcontractor selection process.
- B. Require adequate information be provided to support the proposed GMP amounts, including subcontractor bids and bid tabulations, with any estimated amounts identified for monitoring.
- C. Review the Transaction Privilege Tax rates and calculations...
- D. Verify that the contract and proposed construction timeline clearly identify the Substantial Completion and Final Completion dates.



5

2. Establishing contract management processes may help the department better monitor and control construction costs and quality.

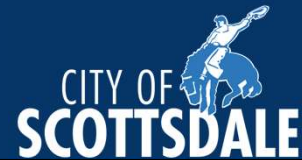
- A. Establish standards for the reporting and documentation to be submitted to support the reported progress... and amounts billed. ...
- B. Establish policies and procedures for documenting and reviewing all changes and communicate these expectations to the contractors... .
- C. Ensure general conditions are managed in accordance with contract terms and require supporting cost records for amounts billed.
- D. Develop procedures to ensure key quality control processes are being completed...



6

3. Management of the Design services contract could be improved.

- A. ... Ensure contract terms adequately address roles and responsibilities specific to architectural services... Also ... negotiate professional fees based on the level of service to be provided.
- B. Verify that proposed fees comply with contract terms prior to approval.
- C. Maintain complete records of the contract and ... Further, ensure appropriate authorizations are obtained for contract changes.
- D. Establish procedures for monitoring design progress ...
- E. Track (cumulative) contract payments against approved contract amounts...



7

4. Documentation standards and methods should be improved.

- A. Maintain records of design and construction activities and establish a document management system
- B. Document procurement activities, such as the basis for any contractor or consultant selection.
- C. For cooperative contracts, ensure any negotiated terms have been reviewed and applied to the District's pricing.



8

