



Construction Project Cost **Review**

As a Developer / Project Owner, it is imperative to stay on top of construction costs. Hard costs related to construction of the building are often the single largest component of a project. As such, the Developer / Project Owner needs to regularly review General Contractor billings throughout the life of a project. However, this takes time and expertise to be done properly. When faced with situations like this, many organizations turn to MDD for assistance.

As the world's premier forensic accounting firm, we have considerable experience evaluating construction costs associated with large commercial projects across a variety of industries.

Our experts evaluate both hard costs and soft costs associated with project construction. These can include:

- General Contractor billings for building construction
- Soft costs associated with project support (Architect & Engineer fees, Developer Fees, Site Costs)
- Insurance costs

MDD will evaluate documentation and provide detailed reporting of costs incurred throughout a project's life cycle and can monitor progress against project budgets. Below is a typical project cost review plan that our forensic accounting experts can provide:

Overview of Entire Project

- Review of contract between owner and CMAR
- Review of initial project budget

Review of monthly PayApps from General Contractor

Review of general conditions

- Review of all general conditions budgets at the beginning of the project and subsequent revisions
- Comparison of actual general conditions costs to budget to identify areas of focus
- Review of any cost allocations (e.g., home office expenses)
- Confirm that all general conditions costs charged in the PayApps are fully and properly supported
- Confirm all costs are charged in compliance with the construction contract

Subcontractors

- Review subcontractor invoices and reconcile to PayApps
- Review change orders and confirm that all approvals were issued and that subcontractor costs were billed in accordance with change orders
- Review contracts between General Contractor and subcontractor
- Review of CMAR AP ledgers to confirm payments to subcontractors for amounts invoiced
- Review details of subcontractor billings to confirm roll-up to invoice total, including:
 - > Daily job reports confirming labor hours, equipment, and material usage
 - > Sample of certified payroll reports to confirm labor rates
 - > Review of burden to ensure compliance
 - > Compliance with rates per contract

Change Orders, Contingencies and Allowances

- Review of all change orders and contingency logs
- Review of change orders impacting general conditions costs
- Determine actual charges against approved amounts
- Confirm that proper owner authorization was received for all change orders

Retainage Billings

- Review of retainage billings to determine that all work has been approved and all adjustments have been credited

Any project cost review will be tailored to your specific needs, and we will provide periodic reporting of our results at any intervals that you request.

Our experienced professionals can work with project accountants, project managers, and developers to assist in monitoring and controlling your construction project costs.

To discuss your construction project cost review, contact MDD.