

Why Every Construction Project Needs an Audit—Including Yours

4 COMMON MISCONCEPTIONS



Today's Agenda

- The real reason proactive audits matter
- Hidden risks of "on-budget" projects
- How audits can strengthen—not weaken—contractor relationships
- What proactive auditing actually looks like (pre-project through closeout)
- Practical quiz questions
- Q&A Session



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QUIZ #1 (QUESTION)

Quick Poll: Which project would you audit?

- A) The project under budget, returning \$7M
- B) The project over budget, needing an additional \$7M





QUIZ #1 (ANSWER)

Correct Answer:

A) The project under budget, returning \$7M

Why?

- Hidden costs or accounting mistakes often overlooked
- Returns could have been underestimated
- Audits validate actual savings and performance





MISCONCEPTION #1

Audits Are Only Necessary When Something Is Wrong

The Reality:

- 80% of audits uncover significant errors—even in successful projects
- Hidden inefficiencies exist in nearly every project
- Successful audits validate good work and reinforce best practices
- Proactive audits prevent future issues, not just fix past ones



MISCONCEPTION #2

Our Project Managers Have It Under Control

The Reality:

- Project Managers are often overloaded with documentation (300+ page pay applications)
- Auditors specialize in handling complex financial data
- External auditors free up PMs to focus on critical site management
- Reduced administrative burden improves overall project management quality





QUIZ #2 (QUESTION)

Quick Poll:
What percentage of construction
projects get audited annually?

- A) 10%
- B) 15%
- C) 25%





QUIZ #2 (ANSWER)

Correct Answer:
A) 10%

Why?

- Industry significantly underutilizes proactive audits
- Huge opportunity for better financial management
- Common misconceptions prevent audits from being adopted





MISCONCEPTION #3

Audits Cause Delays

The Reality:

- Audits streamline processes and documentation
- Early identification of errors accelerates approvals
- Reduces time spent resolving disputes
- Proactive audits speed up project closeouts significantly



MISCONCEPTION #4

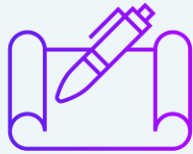
Audits Damage Contractor Relationships

The Reality:

- Audits set clear and **transparent** expectations
- Reduce misunderstandings and disputes significantly
- Many reputable contractors prefer clear financial accountability
- Audits foster **trust** through consistent communication and fairness



Audit Value at Every Project Stage



PRE-CONSTRUCTION

- Define clear financial expectations in contracts
- Prevent potential budgeting issues before work begins



IN-FLIGHT (DURING PROJECT)

- Real-time issue identification and correction
- Faster monthly approvals and fewer disputes



POST-CONSTRUCTION (PROJECT CLOSEOUT)

- Validate final payments and costs accurately
- Simplify and speed up the final closeout process



Key Takeaways



What We've Learned Today

- Proactive audits uncover hidden savings even in successful projects
- External auditors help PMs focus on critical site tasks
- Regular audits streamline project flow, not slow it down
- Audits strengthen relationships through transparency

Other Common Misconceptions

- "Audits are just compliance exercises" (they're strategic!)
- "Clawback is the only reason to audit" (audits validate good work too!)



YOUR QUESTIONS, OUR ANSWERS

Use the Q&A box on your
screen to submit questions



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THANK YOU

