



To: Coppell ISD Board of Trustees
From: Sid Grant
Date: June 18, 2018

cc: Brad Hunt, Kelly Penny, Louis Macias, Diana Sircar, Justin Hill

Re: Construction Manager @ Risk Guaranteed Maximum Price Audit

As you are aware, on May 10, 2018, the Bond Oversight Committee formally recommended to the Board of Trustees that Coppell ISD conduct a thorough audit of the construction projects managed by Northstar Builders Group. Since that recommendation, the business office has been polling other north Texas school districts as to:

1. Has your school district conducted construction manager audits?
2. If so, who did you use to conduct such audits?

We found that the vast majority of north Texas school districts had never conducted construction manager audits. However, we did learn that Frisco ISD, with their large amount of growth and construction, had conducted audits on some projects where they had specific issues/concerns with the construction manager. Frisco highly recommended an auditor that is part of an accounting firm, McDonald & Associates, Inc., as this firm actually specializes in construction audits. This firm has a great deal of experience auditing construction contracts and billings in various industries, including K-12 education. All auditors are CPAs with their Certified Construction Auditor designations, most with over 25 years of actual industry experience.

The scope of their audit would be to conduct a construction closeout audit of the new CMS West, our largest bond construction project using the Construction Manager at Risk construction method. The audit would examine the costs incurred and charges billed to CISD as described in the CM@Risk Agreement between CISD and Northstar Builders Group. The objectives of the audit are to determine if:

1. The contractor is in compliance with the terms and conditions of the Agreements;
2. The billings are accurate, properly supported, and the costs, including subcontractor costs, are correctly stated;
3. There is need for process and control improvements, and to provide any recommendations.

In a nutshell, this is designed to be a very thorough audit of our largest bond project. The fee for this audit will be billed at \$160 per hour with a total cost not to exceed \$58,560.

Although we have had no issues or concerns with Northstar Builders Group, given the recommendation by the Bond Oversight Committee, the following Board Resolution is provided for Board consideration.

RESOLUTION:

I move that we approve McDonald & Associates, Inc. as the firm to complete a closeout construction audit of Northstar Builders Group for the new Coppell Middle School West project at a total cost not to exceed \$58,560.