



Auditing of Projects and Contractors Course: Payments, Variations and Final Accounts



Auditing of Projects and Contractors Course: Payments, Variations and Final Accounts

Introduction:

Auditing of projects and contractors, covering payments, variations and final accounts, is a five-day course for owner-side internal auditors, contract auditors and project controls staff that ends with an audit programme and findings report for a case construction contract. Capital projects leak value when payments, change orders, contingency drawdowns and final accounts are certified without testing against the contract. Nominees already review contracts, invoices or cost reports, and the course is taught as case studies on contract documents, payment certificates and cost data. CoreConcept Training Center delivers this auditing of projects and contractors course.

Course Objectives:

- Define a project and contract audit universe and a phased audit plan for capital projects with contract packages ranked by risk
- Assess procurement, tender evaluation and award records and the specific audit risks of each contract type
- Test progress payments, contractor invoices, rates and variation valuations against contract terms and measured work
- Audit cost-reimbursable and target-cost accounts, change orders, contingency use and the reliability of schedule and earned value data
- Recognise fraud red flags in bids, invoices and variations and audit close-out and final accounts before retention release
- Prepare an audit programme, findings report and recovery schedule for a construction contract

Target Audience:

- Internal audit functions that review capital projects and major contracts
 - Contract audit functions that test contractor payments, claims and final accounts
 - Project controls functions that maintain cost reports, change logs and earned value data
 - Contract administration functions that certify payments and value variations for the owner
 - Quantity surveying and cost functions that measure work and reconcile contractor accounts
-

Course Outline:

Day 1: Project and Contract Audit Universe and Owner-Side Context

- Capital Project Lifecycle Map From Sanction to Final Account
- Project and Contract Audit Universe by Package and Phase
- Owner-Side Assurance Roles of Audit, Controls and Commercial Teams
- Capital Project Audit Plan Timing and Resource Allocation
- Current-State Review of Existing Contract Audit Coverage

Day 2: Contract Types, Procurement and Award Audits

- Lump Sum, Remeasurement and Cost-Plus Contract Audit Risks
- GMP Ceiling and Target-Cost Pain-Gain Share Mechanisms
- Tender Evaluation Records and Award Recommendation Audit Tests
- Bid Comparison Sheet Testing for Unbalanced and Front-Loaded Rates
- Contract Audit Clause Checklist for Records and Access Rights

Day 3: Auditing Progress Payments, Contractor Invoices and Variations

- Interim Payment Certificate Testing Against Measured Work Records
- Bill of Quantities Rate Checks and Remeasurement Recalculation
- Contractor Invoice Testing for Labour, Plant and Material Rates
- Variation Order Audit Trail From Instruction to Valuation
- Claims Register Review for Entitlement Evidence and Quantum Support

Day 4: Cost-Reimbursable Accounts, Earned Value Data, Fraud and Close-Out

- Cost-Reimbursable Ledger Testing for Allowable Costs and Fees
- Change Order Log and Contingency Drawdown Reconciliation
- ANSI/EIA-748 Criteria Applied to Schedule and Earned Value Data
- Project Fraud Red Flags in Bids, Invoices and Variations
- Close-Out and Final Account Audit Before Retention Release

Day 5: Case Study Audit of a Construction Contract and Findings Report

- Case Construction Contract Pack Review and Audit Scoping
 - Audit Programme Drafting for Payments, Variations and Final Account
 - Sample Testing of Case Payment Certificates and Change Orders
 - Recovery Schedule Quantifying Overpayments and Disallowed Costs
 - Findings Report Completion With Condition, Criteria, Cause and Effect
-

Skills You Will Gain:

- Audit Universe Mapping
- Tender Award Testing
- Payment Certificate Verification
- Variation Valuation Review
- Cost-Reimbursable Account Auditing
- Earned Value Data Assurance
- Project Fraud Detection
- Overpayment Recovery Quantification

Why Attend This Course:

- Deliver an audit programme and findings report for a construction contract to the head of internal audit and the project sponsor
- Decide which contract packages, payments and variations to test first and which exceptions warrant recovery action
- Avoid overpayments, unsupported contingency drawdowns and final account settlements that close before any audit testing
- Share the payment, variation and final account test scripts with audit, controls and commercial colleagues

Conclusion:

Back at work, the participant gives the audit programme and findings report to the head of internal audit, the audit committee and the project sponsor, who use it to approve the next contract audits, pursue recoveries from contractors and tighten payment certification. Project controls and commercial teams apply the same test scripts to later payment certificates, change orders and final accounts. After the first engagement, the audit function should review how much of the quantified recovery was agreed, which control gaps management closed and whether the package risk ranking matched the exceptions found.

Frequently Asked Questions FAQ:

What should participants know before the auditing of projects and contractors course?

Participants should already work with contracts, payment certificates, invoices or project cost reports, in audit, project controls or contract administration. Basic audit sampling and familiarity with common contract types help. Bringing an anonymised contract or payment certificate lets them apply the tests to familiar material.

How does auditing of projects and contractors differ from a general risk-based internal audit course?

It applies audit method to one area: capital projects and the contractors paid on them. Payments, variations, cost-reimbursable accounts, earned value data and final accounts are tested in depth, while organisation-wide audit planning and joint venture partner audits appear only briefly.

Why does auditing of projects and contractors focus on variations and final accounts?

Variations and final accounts are where contract value most often moves after award, through change orders, remeasured quantities, contingency use and settled claims. Testing them before payment or retention release lets the owner recover overpayments while contractual rights still apply.

What do participants take back from the auditing of projects and contractors course?

Participants take back an audit programme and findings report built on a case construction contract, with test scripts for payments, variations and final accounts and a recovery schedule format, ready to adapt to the next contract audit in their own organisation.
