City of Corpus Christi
City Auditor's Office

F26-006
Construction Contract Initial Audit of Oso WRP Process Upgrades Project No. 20084A
Follow-Up Report

Amr Hussein, CIA, CFE, CISA
Interim City Auditor
July 1, 2026

Executive Summary

As part of our annual audit plan, the City Auditor's Office (CAO) followed up on the August 14, 2025, A25-009 Construction Contract Initial Audit of Oso WRP Process Upgrades Project No. 20084A. The original audit assessed CSA Construction, Inc's (CSA) compliance to contract obligations and deliverables and Ardurra Group Inc and the City's compliance to construction and engineering management procedures.

The original audit had two findings and two observations with recommendations. Management accepted and agreed to implement two of the four recommendations.

Management indicated that the two recommendations were implemented. Auditors then reviewed the submitted information and confirmed that both were implemented. A complete list of recommendations and current statuses is available on page 4.

We conducted this follow-up review in accordance with the Global Internal Audit Standards. These standards require us to confirm that management has implemented the recommendations or its action plans. We inquired about implementation progress, performed follow-up assessments using a risk-based approach, and updated the tracker and Five-Year Follow-Up Dashboard to reflect issues and report on them at every Audit Committee Meeting.

Table of Contents

F26-006 Construction Contract Initial Audit of Oso WRP Process Upgrades Project No. 20084A Follow-Up Report

Issue No.	Recommendation/Action Items	Management Assertion	Status	Point of Contact
1. Time Extension Request				
1	Did Engineering Services work with contractor to incorporate all proposed changes to Change Order No. 1 and amend the contract duration?	*Implemented*	*Implemented*	*Daniel Deng, Arnulfo Garcia*
2. Excessive Mark-ups for Subcontractor Work[1]				
2	Did Engineering Services develop a COR review checklist to be completed and signed off by the City's Project Manager indicating that the pricing has been reviewed, is fair and reasonable and all the contract allowed mark-ups have been applied correctly	*No action required or taken.*		
3. Inaccurate Change Order references in Pay Estimate Nos. 1 through 8				
3	Did Engineering Services remove unapproved change orders from future Pay Estimates?	*Implemented*	*Implemented*	*Daniel Deng, Arnulfo Garcia*
4. CSA is holding 10% Retainage on Subcontractors[1]				
4	Did Contractor review all subcontracts and adjust the percentage of retainage being withheld and pay the subcontractors for any amount withheld above the contractually allowed 5%.	*No action required or taken.*		

Legend:	
Implemented	Evidence supported documentation.
Not Implemented	Action or control not applied.
In Progress	Action or control in the process of being implemented.

Staff Acknowledgments:
Jodiann Overton, Senior Auditor

[1] Management disagreed with recommendations in audit. No Status or Resolution Explanation needed.

Appendix A: Additional Follow-Up Information

Recommendation 1: Time Extension Request

In the original report, Talson advised that the department issue a change order amending the contract duration at its earliest opportunity.

The department worked with the contractor to process a change order for approved RFI's and amend the contract duration in October 2025.

Management's Assertion: Implemented
Audit Status: Implemented

Recommendation 3: Inaccurate Change Order references in Pay Estimate Nos. 1 through 8

In the original report, Talson recommended the City (and/or CSA) remove any unapproved change orders from future Pay Estimates.

The implementation of Recommendation 1 satisfied the requirements of Recommendation 3, as the prior pay estimates referenced a change order that had not yet issued. Now that the change order is issued, Recommendation 3 is no longer applicable.

Management's Assertion: Implemented
Audit Status: Implemented

Appendix B: Management's Response

July 1, 2026

Amr Hussein, CIA, CFE, CISA
Interim City Auditor
Corpus Christi, Texas

Re: F26-006 Construction Contract Initial Audit of Oso WRP Process Upgrades Project No. 20084A Follow-Up Report

The City of Corpus Christi Engineering Department has carefully reviewed the follow-up report referenced above. As there are no new recommendations for management, no responses are required.

☑ Agree

☐ Disagree

Regards,

Jeffrey H. Edmonds — Date: 7/6/26
Director of Engineering Services

Michael Rodriquez — Date: 7.10.26
Deputy City Manager

Peter Zanoni — Date: 7.13.'26
City Manager