

# **City of Corpus Christi City Auditor's Office**

F25-008

## **Packery Channel and Sidewalk Restoration Follow-Up Report**

George Holland  
City Auditor  
September 24, 2025



## Executive Summary

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As part of our annual audit plan, we followed up on the AU24-A5 Packery Channel and Sidewalk Restoration Audit dated September 5, 2024. The primary objective of the follow-up review is to verify that management has taken effective action to address the findings and recommendations from the original audit.

The original audit primarily focused on contractual compliance by Callan Marine LTD. (Callan Marie) but also included assessing the City's construction and engineering management of capital program areas, including construction cost and change management, project administration, progress status, and cost reporting. Talson's audit objectives were to verify Callan Marine's compliance with the Contract, adherence to established controls and procedures, and assess the completeness and allowability of construction costs.

In the original Audit, activities revealed that the Project did not achieve Substantial Completion by the revised milestone date of April 5, 2023. The City issued a Notice of Substantial Completion on May 3, 2024, or after a 380-calendar-day delay, with an expectation that Callan Marine would complete the remaining work in June 2024. Communication of Project details and administration of financial controls between the City, Callan Marine, and HDR Engineering, Inc. (HDR) was deemed adequate and timely with minor exceptions. As part of the audit, Talson noted the preparation of a Risk Analysis Worksheet to monitor the identification and mitigation of Project risks.

The original audit made five recommendations for improvement across four areas for department management. The four areas included construction cost and change management, project administration, progress status, and cost reporting.

Management accepted the recommendations from the original audit and agreed to implement the necessary process changes.

In August 2025, management indicated that four of the five recommendations had been implemented. Auditors subsequently reviewed the information submitted and found that four of the four testable recommendations have been implemented.

A complete list of recommendations and current statuses can be seen on pages 1-2. Additional information on recommendations can be found in Appendix A.

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

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## F25-008 Engineering Services Packery Channel and Sidewalk Restoration Follow-up Review

Issue No.	Recommendation & Action Items	Management Assertion	Audit Status
<b>A. Time Extension Requests</b>			
A.1	Did the City require that all future time extension requests include a revised schedule showing the impacts or delays to demonstrate how the critical path and project completion date are affected?	<i>Implemented</i>	<i>Implemented</i>
<b>B. Materials on Hand Tracker Policy</b>			
B.1	Did the City revise the Material on Hand tracker to reflect the Project's scope of work and verify that material payments have been applied correctly, and also develop a policy and standard operating procedure specific to MOH for implementation?	<i>Implemented</i>	<i>In progress</i>
<b>C. Change Order Verification</b>			
C.1	Did the City implement a process to independently verify change proposal pricing, confirm the correct application of contract provisions for allowable costs during the approval process, and require that the results be documented in writing and included in the change order support information?	<i>Implemented</i>	<i>Implemented</i>
<b>D. Standardized Meeting Minutes</b>			
D.1	Did the City create a standardized meeting minute template to be used City-wide on all design and construction projects to ensure that meetings cover the topics listed in Article 20.04.B, Progress Meeting, and that project progress, issues, and directions are recorded in sufficient detail for resolving potential claims or disputes?	<i>Implemented</i>	<i>Implemented</i>

Legend:	
<i>Implemented</i>	Evidence supported documentation.
<i>In Progress</i>	Action or control in the process of being implemented.

### Staff Acknowledgements:

Amr Hussein CIA, CFE, CISA - Audit Manager  
Joseph P. Lopez, Auditor

## Appendix A: Additional Follow-Up Information

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### **B. Materials on Hand Tracker and Policy**

In the original audit, Talson found that The Material on Hand (MOH) tracking sheet categories are not reflective of the Project's scope of work per the schedule of values (SOV) Pay Estimate No. 5 SOV categories Storm Sewer scope of work has an original value of \$89,586 and the MOH Tracker shows approximately \$1.4 million paid for materials under Storm Sewer. It should not be possible to pay for MOH in an amount greater than the value of the current SOV value.

Engineering Services is currently updating its formal policies and procedures related to the Materials on Hand (MOH) tracker. This revision focuses on aligning the MOH tracker with the Project's scope of work, ensuring accurate verification that material payments are applied to the correct Schedule of Values (SOV) line item(s), and developing a specific policy and standard operating procedure (SOP) for MOH during the Implementation phase.

### **Recommendation:**

The City should revise the MOH tracker to reflect the Project's scope of work and verify the amounts paid for materials have been applied against the correct SOV line item(s). Second the City should develop a policy and standard operating procedure specific to MOH for Implementation.

***Management's Assertion: Implemented***

***Audit Status: In Progress***

## Appendix B: Management's Response

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September 24, 2025

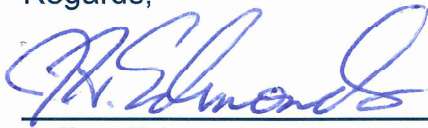
George H. Holland  
City Auditor  
Corpus Christi, Texas

Re: F25-008 Engineering Services – Packery Channel and Sidewalk Restoration

Engineering Services 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 Edmonds  
Director of Engineering Services

9/29/2025  
Date

  
Michael Rodriguez  
Deputy City Manager

10.9.25  
Date

  
Peter Zanoni  
City Manager

10.24.25  
Date