

Fort Worth



1964 • 1993 • 2011

Mayor

Betsy Price

Council Members

Carlos Flores, District 2

Brian Byrd, District 3^{††}

Cary Moon, District 4[†]

Gyna Bivens, District 5

Jungus Jordan, District 6^{††}

Dennis Shingleton, District 7^{††}

Kelly Allen Gray, District 8

Ann Zadeh, District 9

[†] Audit Committee Chair

^{††} Audit Committee Member

**Timberland Boulevard Phase 3 –
Arterial Roadway Improvements
Contract Audit**

February 19, 2021



**City of Fort Worth
Department of Internal Audit**

200 Texas Street
Fort Worth, Texas 76102

Audit Staff

Patrice Randle, City Auditor

William Mafi, Senior Auditor

Vincent Leal, Auditor





Phase 3 of the Timberland Boulevard Arterial Roadway Improvements Contract Audit was conducted as part of the Department of Internal Audit's Fiscal Year 2020 Annual Audit Plan.

Audit Objectives

The objectives of this audit were to:

- determine whether the project was completed in accordance with contract terms; and,
- ensure compliance with applicable legislation.

Audit Scope

Our audit included a review from construction commencement (July 8, 2019) through the final inspection (April 17, 2020). Contractor invoices and City payments beyond this period were reviewed as deemed necessary.

Executive Summary

Based on our audit results, the contractor (McMahon Contracting, LP) complied with provisions related to Phase 3 of the Timberland Boulevard Arterial Roadway Improvements contract. The Department of Internal Audit verified that construction work was completed in accordance with the contract and applicable legislation.

The City contracted with McMahon Contracting, LP to improve Timberland Boulevard for a total cost of \$4,591,474.56. The contract amount consisted of the original contract amount (\$4,572,234.77) and a \$19,239.79 change order that was authorized by City management.

We concluded that City staff conducted routine inspections to document their management and oversight of the project. The project was properly insured, and surety consent was received for final payment.

The City paid McMahon Contracting, LP \$4,591,474.56 for the roadway construction work performed. Total construction costs, therefore, did not exceed the authorized contract amount. Additionally, no over or underpayments were detected.

Based on supporting documents, the project was completed within the allotted timeframe. Internal Audit also concluded that McMahon Contracting, LP met the City's 17% minority business enterprise requirement.

Table of Contents

Background 1

Objectives 2

Scope..... 2

Methodology..... 2

Audit Results..... 4

Acknowledgements..... 5

Exhibit - Mayor and Council Communication Map, Timberland Boulevard Phase 3



Background

The Transportation and Public Works (TPW) Department is responsible for assessing and maintaining the condition of City of Fort Worth (CFW) streets, pavements, sidewalks and bridges (transportation infrastructure). Improvements to Timberland Boulevard were approved as part of the 2014 Bond Program.

- Phase 1 of Timberland Boulevard improvements (M&C C-27438, approved August 25, 2015) was for paving, sidewalks, street lights and storm drain improvements from North Caylor Road to Park Vista Boulevard, and Park Vista Boulevard from West Caylor Road to Timberland Boulevard, including the construction of a roundabout at the intersection of Timberland Boulevard and Park Vista Boulevard. Phase 1 was completed in April 2017.
- Phase 2 of Timberland Boulevard improvements (M&C C-28339, approved August 15, 2017) included roadway improvements from Excelsior Lane to North Caylor Road. Phase 2 was completed in August 2018.
- Phase 3 of the Timberland Boulevard improvements (M&C C-29127, approved May 14, 2019), and the subject matter of this audit report, included Timberland Boulevard, from Park Vista Boulevard to US 377. Phase 3 was performed by McMahon Contracting, LP, and was procured under City Secretary Contract No. 52367, with a construction budget totaling \$4,572,234.77.

In reference to Phase 3 of the Timberland Boulevard Project, a notice to bidders was published in the Fort Worth Star Telegram on February 21, 2019 and February 28, 2019. Five responsive bids were received, ranging from \$4,572,234.77 to \$5,381,513.18. On May 14, 2019, the construction contract was awarded to the lowest bidder, McMahon Contracting, LP. On May 12, 2020, City management approved a \$19,239.79 change order that increased the contract from \$4,572,234.77 to \$4,591,474.56. The Minority Business Enterprise (MBE) subcontracting requirement was 17%.

Phase 3 of the Timberland Boulevard Project had the following two milestones:

- Timberland Boulevard, from Park Vista Boulevard to Harvest Oaks Drive, was to be completed no more than 300 calendar days after the project's July 8, 2019 commencement (by May 4, 2020).
- The Timberland Rail Road crossing and remaining aspects were to be complete, for final acceptance, within 550 calendar days from the July 8, 2019 commencement (by January 9, 2021). The 550 calendar days included the 300 calendar days associated with the first milestone.

A map of the Phase 3 construction is shown in the report [Exhibit](#).



Objectives

The objectives of this audit were to determine whether the project was completed in accordance with contract terms, and ensure compliance with applicable legislation.

Scope

Our audit included a review from construction commencement (July 8, 2019) through the final inspection (April 17, 2020). Contractor invoices and City payments, beyond this period, were reviewed as deemed necessary.

Methodology

To achieve the audit objectives, the Department of Internal Audit performed the following:

- interviewed TPW personnel regarding contractor selection and adherence to contractual terms;
- reviewed the bidding and contract award process for compliance with applicable law and CFW policies;
- verified that the contractor complied with warranty requirements (e.g., payment, performance and maintenance bonds);
- reviewed change orders, and inquired about project monitoring and inspections;
- performed site visits, and confirmed that the quality and quantity of work completed was in compliance with contract requirements;
- verified that contractor payments were properly approved by management, and were consistent with the contractor's bid;
- verified that the 5% retainage requirement was correctly computed and withheld;
- reviewed records and interviewed the Department of Diversity and Inclusion staff, to verify the contractor's compliance with federal minimum wage requirements, and City MBE requirements;
- examined TPW construction progress documents and accounting records to determine if the project was properly completed and accepted by the CFW; and,
- evaluated internal controls related to construction contracts.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Chapter XXVIII of the Fort Worth City Charter established the City of Fort Worth's Department of Internal Audit. Our department was established independent of management, reporting directly to the Fort Worth City Council. We utilized the Committee of Sponsoring Organizations of the Treadway Commission



(COSO) framework when evaluating internal controls. The following internal control components and corresponding principles were considered significant to the audit objectives.

Internal Control Component	Principles
Control Environment	Managerial oversight, integrity, ethics and responsibility; staff recruitment, development, retention, performance and accountability
Risk Assessment	Clearly-defined objectives to identify risks, define risk tolerances, and implement necessary controls (e.g., written policies and procedures)
Control Activities	Policies, procedures and systems
Information and Communication	Communicate the necessary quality information
Monitoring	Monitor and evaluate the effectiveness of internal controls

Audit Results

We concluded that the City complied with existing policy and state procurement requirements related to Phase 3 of the Timberland Boulevard Arterial Roadway Improvements (procured under City Secretary Contract No. 52367).

The roadway improvements project was completed ahead of schedule. The project (which started on July 8, 2019) was completed within the 550 calendar days that were authorized. Based on the Notice of Project Completion (i.e., Greensheet), which was dated July 24, 2020, the completed project was recommended and accepted by TPW and the City Manager’s Office on July 23, 2020.

Internal Audit physically examined and measured constructed concrete and asphalt pay items. Those measurements were then compared to measurements calculated by the CFW’s project inspector. Based on our results, no discrepancies were noted. Internal Audit’s measurements agreed with those of the project inspector.

Internal Audit did not identify any visible defects. Additionally, supporting documentation indicated that the work had been progressively tested and inspected during construction, and the completed work resembled the engineering drawings.



Source: TPW Records (Timberland, with Grass Median)



Source: TPW Records (Timberland, Finished)

We concluded that McMahon Contracting, LP complied with insurance and bonding requirements. Also, TPW properly computed and withheld retainage (5% or \$229,573.73). The CFW appropriately released the retainage, to the contractor, during the close-out process.

Our test results also indicated that McMahon Contracting, LP complied with federal minimum wage requirements, as well as the City’s 17% MBE requirement.



Acknowledgements

The Department of Internal Audit would like to thank the Transportation and Public Works Department, and the Department of Diversity and Inclusion for their cooperation and assistance during this audit.

MAYOR AND COUNCIL COMMUNICATION MAP TIMBERLAND BOULEVARD PHASE 3

