

Project Close-Out

Process Considerations

Internal control over the project close-out function should provide that personnel responsible for the closing of contracts accumulate, distribute and communicate the final aspects of job completion to the owner, owner's architect and/or contract manager and other internal personnel, such as accounting. This helps facilitate a smooth transition to occupancy and can help avoid any claims before they occur.

Project Close-Out Controls

- Information related to as-built drawings, materials and work related warranties and other pertinent schedules should be compiled and distributed appropriately (company personnel, owner, etc.)
- A final inspection should be coordinated and performed with a "punch-list" prepared during the inspection.
- All punch-list items should be addressed timely.
- A certificate of occupancy (if applicable) should be obtained.
- A procedure to secure release of all subcontractor liens should be in place.
- Final payment, including retainage, should be received by the contractor before releasing contractor's lien.

Project Close-Out

Work Program Step	WP Reference	Initials
<p>4. Determine if a “pre-punch” inspection was performed prior to the final walk-through with the owner/owner representative.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>5. If no pre-punch inspection was performed, obtain evidence of satisfactory completion of punch list item listing provided by the owner/owner representative.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>6. Examine “Certificate of Substantial Completion” or other document signed by owner/owner representative. Such information should document owner’s acceptance of job.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>7. Determine if warranty dates, utility turnover dates and insurance responsibility dates were established and communicated to the appropriate parties.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>8. Determine that a Certificate of Occupancy, if required, was obtained according to building permit.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>9. Select FIVE of the final payments made to subcontractors and perform the following:</p> <p style="padding-left: 20px;">a. Verify that payment for all work performed by subcontractor had been received from the owner.</p> <p>_____</p> <p>_____</p> <p>_____</p>		

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<p>b. Determine that subcontractor's quality of workmanship and overall job performance was acceptable.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>c. Determine that all close-out requirements had been submitted by the subcontractor to the Company (i.e. warranty, O&M manuals, record drawings, etc.)</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>d. Verify that all lien releases had been received from the subcontractor.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>e. Examine evidence that a "Consent of Surety for Final Payment" was issued by the subcontractor's bonding company, if applicable.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>10. Obtain the job close-out file and determine the following items are present:</p> <p>a. Final signed-off owner/owner representative letter of final completion or other release.</p> <p>_____</p> <p>b. Building and other permits as required.</p> <p>_____</p> <p>c. Documentation of inspections.</p> <p>_____</p> <p>d. All general correspondence with customer, inspectors, etc.</p> <p>_____</p> <p>e. Submittal records with approved submittals.</p> <p>_____</p>		

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<p>f. Back-up of any computer files relating to the project clearly labeled with versions of applicable software.</p> <p>_____</p>		
<p>11. Examine evidence the Company rental items were transferred as appropriate and that related rental was stopped.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>12. Determine that petty cash funds or project checking accounts were closed out, if applicable. Ensure all funds were transferred appropriately to Company controlled account.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>13. Determine that the project was "closed" in the accounting system to prevent further charging of costs to it. Evaluate the timeliness of the closing.</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>14. At the auditor's discretion, compare the total profit recorded in the general ledger to the profit per the final detailed job cost and billing records.</p> <p>_____</p> <p>_____</p> <p>_____</p>		