



OFFICE OF THE KANE COUNTY AUDITOR
Penny Wegman, Kane County Auditor

Kane County
Division of Transportation
Construction Invoice Review

June 13, 2022

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Overview / Objectives

The Auditor's Office has performed a Construction Invoice Review of the Kane County Division of Transportation (KDOT).

The objectives of the Construction Invoice Review were to:

- Determine whether adequate controls and oversight are present during the review and approval of construction contracts,
- Determine whether appropriate monitoring and supervision of the construction contract payment process
- Determine whether adequate review and approval of monthly invoices are performed by the Kane County Division of Transportation.

The Auditor's Office selected three (3) contracts for review that were completed between January 1, 2021 and January 31, 2022 and one (1) contract was selected that was currently in progress.

The Auditor's Invoice Review included the following:

- Verification of Contract approval by the Kane County Board
- Verification of Contract approval by the Kane County Division of Transportation
- Verification of Contract Change Orders approval by the Kane County Board and the Division of Transportation
- Review each contractor payment request for:
 - Appropriate documentation provided by the Contractor
 - Appropriate and accurate calculations performed by the Contractor, including Retainage
 - Appropriate review and approval by the Kane Count Division of Transportation

The Division of Transportation provided the Auditor's Office with a listing of Contracts that were completed between January 1, 2021 through January 31, 2022. This listing included 34 projects totaling \$29,752,083. Of these, the Auditors Office selected the following 3 contracts for review:

- 2020 Pavement Resurfacing - Arrow Road Construction - \$5,587,297
- Paint Pavement Marking 2021 – Preform Traffic Control System Ltd. - \$602,945
- Randall Bridge Over Mill Creek
 - Construction - Martam Construction - \$569,708
 - Phase 3 – ESI Consultants - \$99,467

The three completed contracts selected for review amounted to approximately 23% of the completed contracts during this time period.

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In addition, the following “In-Progress” Contract was reviewed:

- Kirk Road Over UP Railroad – BLA Inc.
 - Total Contract is for \$1,531,252 – Audit reviewed 7 invoices totaling \$418,841

Kane County Division of Transportation Contract Review Process

The following is the Invoice Review Process currently performed by the Kane County Division of Transportation. Kane County Division of Transportation Construction Managers either receive a Pay Estimate directly from the Contractor and reviews for accuracy or they prepare the Pay Estimate based on their oversight of the project. The Pay Estimates are completed using Microsoft Excel and the retainage field is a formula which calculates the appropriate retainage. Retainage is calculated based on the percent of work completed and Kane County Division of Transportation utilizes the Illinois Bureau of Local Roads Special Provision for Partial Payments Check Sheet and the Illinois Compiled Statutes. All Pay Estimates are reviewed and approved by the Kane County Division of Transportation Chief of Construction. Completed Pay Estimates are then forwarded to the Kane County Division of Transportation Accounting Staff, who verifies the amounts and signatures and ensures appropriate supporting documentation is included. The Kane County Department of Transportation Chief of Finance reviews and approves the Pay Estimates and finally, all Pay Estimates are submitted to the County Engineer for review and approval.

Audit Opinion

The four contracts selected for testing revealed excellent controls and oversight by the Kane County Division of Transportation. In our opinion, the Kane County Division of Transportation conducts a thorough review of each construction invoice prior to submitting for payment.

Closing Remarks

The Auditor’s Office would like to thank the Division of Transportation’s Director of Transportation, Carl Schoedel, Chief of Finance, Kathleen Hopkinson and the KDOT Accounting Team of Ashley Young and Debbie Powers for their expertise, knowledge, thorough responses and valuable assistance in the performance of this review.