

CONDUCTING A PROJECT CONTRACT AUDIT: BEST PRACTICES BY THE QUANTITY SURVEYING PROFESSIONAL

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Abstract

The growing scale and complexity of building, engineering, and infrastructure projects have heightened the demand for effective financial governance and accountability mechanisms. One critical but underutilised mechanism is the project contract audit. This paper examines best practices in conducting project contract audits from the professional perspective of the Quantity Surveyor, within the context of upskilling efficiency in financial management. Using recent global literature and practice-based case illustrations with local relevance, the paper explores the concept, scope, and objectives of project contract audits, the strategic role of the Quantity Surveyor, and the contribution of contract audits to cost control, transparency, and value for money. The paper identifies key challenges affecting effective contract auditing, particularly in developing economies, and proposes practical recommendations for professional capacity development. It concludes that strengthening Quantity Surveyors' competence in contract auditing is essential to improving financial management outcomes across building, engineering, and infrastructure developments.

Keywords:

Project contract audit, Quantity Surveyor, financial management, construction contracts, best practices

1. Introduction

The construction industry continues to face persistent challenges relating to cost overruns, contractual disputes, weak financial controls, and inefficient project delivery. Recent global studies indicate that a significant proportion of infrastructure and building projects exceed their original budgets due to poor contract administration, inadequate oversight, and ineffective change management (Flyvbjerg et al., 2021; World Bank, 2023).

In response, professional and institutional stakeholders are placing renewed emphasis on strengthening financial management practices throughout the project lifecycle. One increasingly important mechanism in this regard is the project contract audit, which focuses on verifying contractual compliance, financial accuracy, and the integrity of cost-related decisions.

Quantity Surveyors, as construction financial managers and contract specialists, are uniquely positioned to conduct and lead project contract audits. This aligns directly with the theme of the QS Assembly on upskilling Quantity Surveyors' efficiency in financial management of building, engineering, and infrastructure developments. This paper therefore examines best practices in conducting project contract audits and highlights their relevance to contemporary Quantity Surveying practice.

2. Concept of Project Contract Auditing

Project contract auditing has emerged as a critical component of contemporary construction financial management, particularly in response to increasing project complexity, heightened accountability demands, and persistent cost overruns in building, engineering, and infrastructure developments. While auditing is traditionally associated with financial statements, the construction sector requires a more specialised form of audit that focuses on the administration and financial execution of contracts. This specialised function is referred to as project contract auditing.

A project contract audit may be defined as a systematic, independent, and evidence-based examination of contractual, financial, and administrative records associated with a construction project, undertaken to determine compliance with contract conditions, accuracy of payments, legitimacy of claims, and adherence to agreed commercial and procurement arrangements (RICS, 2023). The objective is not merely to identify errors, but to provide assurance that the financial outcomes of a project are consistent with contractual entitlements and principles of value for money.

Unlike general financial audits, which are organisation focused and retrospective, project contract audits are project-specific and deeply embedded within construction processes. They involve detailed scrutiny of contract documentation, bills of quantities, valuation records, variation instructions, claims submissions, and final account negotiations. As such, contract auditing requires a hybrid competence that combines contractual knowledge, measurement expertise, cost management skills, and professional judgement.

In recent years, the relevance of project contract auditing has been reinforced by global evidence of inefficiencies in construction project delivery. Studies indicate that infrastructure projects frequently experience cost overruns ranging between 20% and 45%, often driven by weak contract administration, poor change management, and inadequate financial oversight (Flyvbjerg et al., 2021; World Bank, 2023). These inefficiencies underscore the need for proactive mechanisms capable of identifying financial leakages and contractual non-compliance early enough to enable corrective action.

Project contract audits may be conducted at different stages of the project lifecycle. Pre-contract audits focus on procurement processes, tender evaluations, and contract documentation to ensure fairness, transparency, and compliance with procurement regulations. Post-contract audits, which are more common in practice, examine interim valuations, variations, claims, and final accounts to confirm that payments made or proposed are consistent with contractual provisions. In some instances, forensic contract audits are undertaken where disputes, allegations of malpractice, or significant cost overruns have arisen.

The scope of a project contract audit typically extends beyond numerical accuracy to include an assessment of procedural compliance and professional conduct. This includes evaluating whether variations were properly instructed, whether claims were substantiated with adequate records, whether valuation methods complied with contract provisions, and whether payment certifications reflected work actually executed on site. In public sector projects, contract audits also serve as a governance tool for ensuring compliance with public procurement laws and financial regulations (World Bank, 2023).

From a theoretical perspective, project contract auditing can be linked to agency theory, which explains the potential for conflict of interest between project clients and contractors. Contractors, acting as agents, may exploit information irregularity to maximise financial returns through inflated claims or strategic interpretation of contract clauses. Contract audits serve as a control mechanism that reduces information irregularity and discourages

opportunistic behaviour by subjecting contractual actions to independent professional scrutiny (IFAC, 2022).

Furthermore, contract auditing aligns with broader principles of corporate and project governance, which emphasise transparency, accountability, and responsible stewardship of resources. In the construction context, effective governance requires not only sound contract drafting but also continuous oversight of how contracts are implemented financially. Project contract audits therefore function as an assurance mechanism that strengthens confidence among clients, funders, and other stakeholders.

In developing economies, including Nigeria, the importance of project contract auditing is particularly pronounced. Public infrastructure projects often involve significant capital expenditure and are vulnerable to weak institutional controls, political interference, and limited professional oversight. Recent African focused studies highlight that inadequate contract administration and poor financial monitoring remain major contributors to abandoned and distressed projects (Akinradewo et al., 2022). Embedding robust contract audit practices within project delivery frameworks can therefore contribute significantly to improving project outcomes and restoring public trust.

In summary, project contract auditing represents a structured professional process aimed at ensuring that construction contracts are administered and executed in a financially sound, transparent, and contractually compliant manner. Its growing relevance reflects the evolving expectations placed on construction professionals, particularly Quantity Surveyors, to deliver enhanced financial governance and value for money across building, engineering, and infrastructure developments.

3. Role of the Quantity Surveyor in Project Contract Auditing

The Quantity Surveyor occupies a central position in the financial and contractual management of construction projects and is therefore uniquely qualified to undertake project contract audits. Globally recognised as the construction industry's cost and contract specialist, the Quantity Surveyor's training and professional competencies align directly with the technical and analytical requirements of contract auditing (RICS, 2022; NIQS, 2023).

Traditionally, the Quantity Surveyor's role has encompassed cost planning, procurement advice, measurement, valuation, and final account settlement. In contemporary practice, however, these functions have expanded to include broader responsibilities related to financial

governance, risk management, and assurance services. Project contract auditing represents a logical extension of this evolution, positioning the Quantity Surveyor as a key contributor to improved financial accountability in construction projects.

One of the primary responsibilities of the Quantity Surveyor in contract auditing is contract interpretation. Construction contracts are complex legal documents containing detailed provisions governing valuation methods, variations, claims, extensions of time, and payment procedures. The Quantity Surveyor applies professional judgement to interpret these provisions and assess whether financial actions taken during the project align with contractual intent. This interpretative role is critical, as misapplication of contract clauses is a common source of cost escalation and disputes.

Measurement and valuation expertise further distinguish the Quantity Surveyor's contribution to contract audits. Interim valuations and final accounts form the financial backbone of construction contracts, and inaccuracies in measurement or pricing can result in significant financial distortions. During a contract audit, the Quantity Surveyor verifies quantities executed, checks compliance with standard methods of measurement, and confirms that applied rates are consistent with the contract. This technical scrutiny ensures that payments reflect actual work done and agreed pricing rules.

Another critical aspect of the Quantity Surveyor's role is the assessment of variations and claims. Variations are an inevitable feature of construction projects, particularly in complex engineering and infrastructure works. However, poorly controlled variations and unsubstantiated claims are major contributors to cost overruns. The Quantity Surveyor, acting as a contract auditor, evaluates whether variations were properly instructed, whether they fall within the scope of the contract, and whether the valuation methodology adopted is contractually compliant. Claims for loss and expense are similarly assessed for entitlement, causation, and quantum.

In addition to technical assessment, the Quantity Surveyor plays an advisory role by identifying financial risks and recommending corrective actions. Contract audits often reveal systemic issues such as weak record keeping, non-compliance with payment procedures, or inconsistent contract administration practices. By highlighting these issues, the Quantity Surveyor supports clients in strengthening project controls and preventing recurrence on future projects.

Globally, the role of the Quantity Surveyor in contract auditing has expanded into specialised areas such as forensic cost auditing and dispute support. On projects experiencing disputes or

allegations of financial impropriety, Quantity Surveyors are frequently engaged as independent experts to analyse contractual records, reconstruct financial events, and provide objective opinions. This underscores the profession's growing relevance in alternative dispute resolution and arbitration contexts.

In the Nigerian and broader African context, the Quantity Surveyor's role in contract auditing is particularly significant. Public sector projects often suffer from limited internal audit capacity and inadequate technical oversight. Quantity Surveyors engaged as independent contract auditors can bridge this gap by providing professional assurance on payment certifications, variation approvals, and final account settlements. Recent studies emphasise that strengthening the involvement of Quantity Surveyors in audit-related functions can significantly improve transparency and reduce financial leakages in public construction projects (NIQS, 2023).

Ethical conduct and professional independence are essential attributes underpinning the Quantity Surveyor's effectiveness as a contract auditor. Given the potential for pressure from project stakeholders, the Quantity Surveyor must adhere strictly to professional codes of ethics and maintain objectivity in audit judgments. Professional bodies such as RICS and NIQS emphasise integrity, independence, and accountability as core principles guiding Quantity Surveying practice in audit and assurance roles (RICS, 2022).

In summary, the Quantity Surveyor's role in project contract auditing extends beyond routine cost management to encompass contract interpretation, valuation verification, claims assessment, financial risk identification, and governance support. By effectively performing these roles, Quantity Surveyors contribute directly to enhancing financial management efficiency and reinforcing professional accountability in building, engineering, and infrastructure developments.

4.0 Best Practices in Conducting Project Contract Audits

The effectiveness of a project contract audit depends largely on the adoption of structured, professional, and methodologically sound practices. As construction projects increase in scale and contractual sophistication, informal or ad hoc reviews of contract finances are no longer sufficient. Best practice in project contract auditing requires a systematic approach that integrates contractual knowledge, financial analysis, technical measurement, professional judgement, and ethical independence. For Quantity Surveyors, mastering these practices is

essential to delivering credible audit outcomes and enhancing financial management efficiency across building, engineering, and infrastructure developments.

4.1 Strategic Audit Planning and Risk-Based Approach

A fundamental best practice in conducting a project contract audit is the adoption of a strategic and risk-based planning approach. Effective audits do not commence with the examination of figures alone; rather, they begin with a comprehensive understanding of the project context, contractual framework, and financial risk profile. Audit planning involves defining the objectives, scope, methodology, timelines, and reporting structure of the audit exercise.

From a professional standpoint, the Quantity Surveyor must first develop a clear understanding of the form of contract in use, such as FIDIC, NEC, or JCT, as each contains distinct provisions governing valuation, variations, claims, and payment procedures. Misalignment between audit methods and contract provisions can undermine the validity of audit findings. Recent professional guidance emphasises that audit objectives should be explicitly linked to contract compliance, financial accuracy, and value for money considerations (RICS, 2023).

Risk-based auditing has become a globally accepted best practice, particularly in complex infrastructure projects. This approach prioritises audit attention on areas with the highest likelihood of financial exposure, such as variations, provisional sums, loss and expense claims, and final account negotiations. Studies show that risk-focused audits are more effective in identifying financial leakages and inefficiencies than uniform audit coverage (IFAC, 2022). For Quantity Surveyors, applying risk assessment techniques enhances audit efficiency while ensuring that critical cost drivers receive adequate scrutiny.

In developing economies, where project records may be incomplete or procurement processes weak, early identification of risk areas is particularly important. Strategic planning enables the auditor to anticipate challenges and design appropriate mitigation measures, such as alternative verification methods or stakeholder engagement strategies.

4.2 Comprehensive Review of Contractual and Project Documentation

The integrity of a project contract audit is heavily dependent on the quality and completeness of project documentation. Best practice requires a comprehensive and systematic review of all relevant contractual, financial, and administrative records. This documentation forms the evidentiary foundation upon which audit conclusions are based.

Key documents typically examined during a contract audit include the signed contract agreement, conditions of contract, bills of quantities or schedules, drawings, specifications, variation instructions, site correspondence, interim payment certificates, and final account statements. The Quantity Surveyor must assess not only the numerical accuracy of records but also their contractual legitimacy and procedural compliance.

Recent literature highlights that poor documentation remains one of the most significant constraints to effective contract auditing, particularly in public sector projects within developing countries (Akinradewo et al., 2022). In such contexts, best practice requires auditors to triangulate information from multiple sources, including site records, progress reports, and meeting minutes, to establish an accurate financial picture.

The professional judgement of the Quantity Surveyor is critical during documentation review. The auditor must determine whether instructions were properly authorised, whether valuation submissions were supported by adequate records, and whether deviations from contract procedures were justified or represent control weaknesses. This evaluative role distinguishes contract auditing from routine cost checking and reinforces its governance function.

4.3 Verification of Measurement, Valuation, and Pricing Accuracy

Measurement and valuation verification lies at the heart of project contract auditing and represents one of the most technically demanding aspects of the process. Best practice requires the Quantity Surveyor to independently assess whether quantities measured, rates applied, and valuations certified accurately reflect work executed on site and comply with contractual provisions.

Construction contracts typically define specific valuation rules, including measurement standards, pricing mechanisms, and methods for valuing variations. Failure to adhere strictly to these rules can result in systematic overpayment or underpayment. During a contract audit, the Quantity Surveyor may undertake selective or comprehensive re measurement exercises, depending on the audit scope and risk profile.

Recent studies emphasise that valuation inaccuracies are a major contributor to cost overruns, particularly where interim payments are not rigorously verified (Flyvbjerg et al., 2021). Best practice therefore requires auditors to scrutinise measurement methodologies, verify quantities

against drawings and site conditions, and confirm that pricing reflects agreed contract rates or approved star rates.

In infrastructure and engineering projects, where measurement complexities are pronounced, the Quantity Surveyor's technical competence is especially critical. The ability to interpret engineering drawings, assess construction methodologies, and understand cost build ups enables the auditor to identify anomalies that may not be apparent through financial analysis alone.

4.4 Professional Assessment of Variations and Change Management

Variations are an inherent feature of construction projects and represent one of the most significant sources of financial risk. Best practice in project contract auditing requires a rigorous and structured assessment of variations and change management processes.

A professional contract audit examines whether variations were properly instructed in accordance with contract provisions, whether they were within the scope of permissible changes, and whether their valuation followed agreed methodologies. The Quantity Surveyor must also assess the cumulative impact of variations on the overall project cost and programme, as fragmented approval processes often obscure the true financial implications of change.

Claims arising from variations and delays present additional complexities. Best practice requires the auditor to assess claims on the basis of contractual entitlement, connection, and quantum. This involves examining contemporary records, establishing cause and effect relationships, and evaluating whether claimed costs are reasonable and proportionate.

Case based evidence from recent African infrastructure projects indicates that weak variation control mechanisms contribute significantly to post contract cost escalation (World Bank, 2023). In one documented instance, a post completion contract audit revealed that numerous variations had been valued without proper instruction or substantiation, resulting in inflated final account submissions. The audit enabled the client to renegotiate the final account and recover substantial sums, demonstrating the practical value of rigorous variation auditing.

4.5 Evaluation of Claims, Loss and Expense, and Final Accounts

Claims for loss and expense and final account settlements represent critical milestones in the financial lifecycle of construction projects. Best practice in contract auditing requires careful

evaluation of these submissions to ensure that they reflect genuine contractual entitlements rather than opportunistic claims.

Loss and expense claims often arise from delays, disruptions, or changes in project scope. The Quantity Surveyor, acting as a contract auditor, must assess whether the contractual conditions for compensation have been satisfied and whether the claimed costs are adequately supported by records. Recent research highlights that unsupported or exaggerated claims remain prevalent in projects with weak contract administration frameworks (Olawumi & Chan, 2023).

Final account auditing is particularly important, as it represents the last opportunity to correct valuation errors and ensure financial closure. Best practice requires reconciliation of all interim payments, variations, claims, and adjustments to arrive at a fair and accurate final contract sum. Quantity Surveyors conducting final account audits provide critical assurance to clients that project finances have been properly concluded.

4.6 Adoption of Digital Tools and Technology in Contract Auditing

The integration of digital tools into contract auditing practices represents an emerging best practice with significant implications for professional efficiency. Electronic document management systems (EDMS), cost databases, and data analytics platforms enhance the auditor's ability to manage large volumes of project information and identify patterns or anomalies.

Recent global studies demonstrate that digitalisation improves transparency, reduces manual errors, and accelerates audit processes in construction financial management (Olawumi & Chan, 2023). For Quantity Surveyors, upskilling in digital tools enhances audit quality and aligns professional practice with evolving industry standards.

In the Nigerian context, while digital adoption remains uneven, there is growing recognition of its potential to improve record-keeping and audit effectiveness, particularly on large public projects. Best practice therefore involves combining traditional professional judgement with modern digital capabilities.

4.7 Ethical Independence and Professional Reporting

Ethical independence is a foundational best practice in project contract auditing. Given the financial stakes involved, Quantity Surveyors must maintain objectivity and resist undue

influence from project stakeholders. Professional standards emphasise integrity, transparency, and accountability as essential attributes for auditors operating within construction environments (RICS, 2022).

Best practice reporting requires audit findings to be clearly documented, evidence based, and professionally presented. Audit reports should communicate not only financial discrepancies but also systemic weaknesses and recommendations for improvement. Effective reporting enhances decision making and strengthens the value of contract audits as a governance tool.

This chapter has demonstrated that best practices in conducting project contract audits require a holistic, structured, and ethically grounded approach. From strategic planning and documentation review to valuation verification, claims assessment, digital integration, and professional reporting, Quantity Surveyors play a pivotal role in ensuring financial integrity and value for money in construction projects. Embedding these best practices within professional practice is essential to upskilling Quantity Surveyors' efficiency in financial management and meeting the evolving demands of building, engineering, and infrastructure development.

5. Challenges Affecting Effective Project Contract Audits

Despite the recognised importance of project contract audits in strengthening financial governance and improving value for money, their effective implementation remains constrained by a range of structural, institutional, professional, and operational challenges. These challenges are particularly pronounced in developing economies, where construction projects are often characterised by weak governance frameworks, limited professional capacity, and systemic inefficiencies. Understanding these challenges is essential for Quantity Surveyors seeking to improve audit effectiveness and contribute meaningfully to the financial management of building, engineering, and infrastructure developments.

One of the most significant challenges affecting project contract audits is inadequate documentation and record keeping practices. Contract auditing relies heavily on contemporaneous records to verify contractual compliance, valuation accuracy, and entitlement to claims. However, many construction projects suffer from fragmented, incomplete, or poorly maintained documentation. Site instructions may be issued verbally, variations may be implemented without formal approval, and supporting records for claims may be generated retrospectively. Recent studies indicate that weak documentation practices remain a major

contributor to financial disputes and audit inefficiencies in construction projects across Africa and other developing regions (Akinradewo et al., 2022).

Inadequate documentation not only limits the auditor's ability to verify financial transactions but also increases reliance on professional judgement in the absence of objective evidence. While professional judgement is an essential attribute of Quantity Surveyors, excessive reliance on it due to poor records exposes audit outcomes to contestation and undermines stakeholder confidence. This challenge highlights the need for stronger project information management systems as a foundation for effective contract auditing.

Another critical challenge is resistance from project stakeholders, particularly contractors and, in some cases, project consultants. Contract audits are often perceived as disturbing, confrontational, or retrospective fault-finding exercises. Contractors may view audits as threats to anticipated financial returns, while consultants may be reluctant to subject their contract administration decisions to external scrutiny. Such resistance can manifest in delayed information provision, selective disclosure of records, or obvious opposition to audit findings.

This adversarial perception undermines the collaborative attitude required for effective project governance. Research suggests that where contract audits are introduced late in the project lifecycle without prior stakeholder engagement, resistance is more pronounced (World Bank, 2023). Best practice therefore requires early communication of audit objectives and positioning audits as value adding governance tools rather than corrective measures.

Limited professional capacity and specialist skills also pose significant challenges to effective contract auditing. While Quantity Surveyors possess core competencies in cost management and contract administration, contract auditing particularly forensic or post dispute auditing requires additional skills in audit methodology, evidence evaluation, and structured reporting. In many jurisdictions, formal training in contract auditing remains limited, resulting in inconsistent audit quality and reduced professional confidence.

Recent professional assessments indicate that gaps in advanced contract interpretation, forensic cost analysis, and digital audit tools constrain the ability of Quantity Surveyors to deliver high quality audit services (NIQS, 2023). Without targeted upskilling, contract audits risk becoming superficial reviews rather than rigorous professional examinations capable of delivering meaningful financial assurance.

Institutional and governance related challenges further constrain contract audit effectiveness, especially in public sector projects. In some cases, weak internal control systems, overlapping institutional mandates, and political interference compromise the independence and scope of contract audits. Auditors may face pressure to dilute findings, limit audit scope, or avoid sensitive areas with significant financial implications. Such constraints undermine the fundamental principles of audit independence and objectivity.

The World Bank (2023) notes that inadequate enforcement of audit findings and lack of consequences for identified irregularities reduce the deterrent effect of contract audits in public infrastructure projects. Where audit recommendations are not implemented, the value of the audit process diminishes, reinforcing a culture of financial indiscipline.

Another challenge relates to the complexity of modern construction contracts and project delivery models. Contemporary projects increasingly utilise complex contractual arrangements, including design and build, public private partnerships (PPP), and alliance contracting. These models often involve intricate risk sharing mechanisms, performance-based payments, and multiple stakeholder interfaces. For Quantity Surveyors, auditing such arrangements requires advanced contractual understanding and multidisciplinary collaboration.

Inadequate familiarity with these complex delivery models can result in misinterpretation of contractual provisions and flawed audit conclusions. As project delivery methods evolve, so too must the skills and knowledge base of Quantity Surveyors engaged in contract auditing.

Technological limitations also present challenges to effective contract audits. While digital tools have the potential to enhance audit efficiency, their adoption remains uneven across the construction industry. Many projects continue to rely on manual record keeping systems, increasing the likelihood of errors, data loss, and inefficiencies. Limited access to digital infrastructure and training further constrains the integration of technology into contract auditing practices, particularly in developing economies (Olawumi & Chan, 2023).

Finally, ethical challenges and conflicts of interest pose significant risks to the credibility of project contract audits. Quantity Surveyors engaged in audit roles may face pressure from clients, contractors, or political actors to compromise professional judgement. In environments where ethical standards are weakly enforced, maintaining independence can be particularly challenging. Professional bodies emphasise that ethical lapses not only undermine individual audits but also erode public trust in the Quantity Surveying profession as a whole (RICS, 2022).

In summary, while project contract audits offer significant benefits for improving financial management efficiency, their effectiveness is constrained by a range of documentation, institutional, professional, technological, and ethical challenges. Addressing these challenges requires systemic reforms, targeted professional upskilling, and stronger governance frameworks. These issues provide a compelling justification for the strategic recommendations that follow in subsequent sections of this paper.

6. Contribution of Project Contract Audits to Financial Management Efficiency

Financial management efficiency is a critical determinant of success in building, engineering, and infrastructure developments. Efficient financial management ensures that project resources are allocated optimally, expenditures are controlled, risks are managed proactively, and value for money is achieved. Project contract audits contribute directly to these objectives by strengthening financial discipline, enhancing transparency, and reinforcing accountability across the project lifecycle. For Quantity Surveyors, contract auditing represents a practical mechanism for translating professional expertise into measurable improvements in financial performance.

One of the most significant contributions of project contract audits to financial management efficiency is their role in enhancing cost certainty and budgetary control. Cost overruns remain a persistent challenge in construction projects globally, often resulting from inadequate contract administration, uncontrolled variations, and inflated claims. By systematically examining interim valuations, variation orders, and payment certificates, contract audits enable early identification of deviations from approved budgets. This allows project stakeholders to implement corrective measures before financial overruns become irreversible.

Recent studies indicate that projects subjected to periodic contract audits demonstrate improved alignment between forecasted and actual costs, particularly where audit findings inform management decisions in real time (Flyvbjerg et al., 2021). For Quantity Surveyors, the ability to link audit findings to cost control strategies reinforces their strategic value within project teams and enhances overall financial governance.

Project contract audits also contribute to financial management efficiency by reducing financial leakages and preventing overpayments. Overpayments arising from measurement errors, misapplication of rates, or unsubstantiated claims represent significant sources of financial

inefficiency. Contract audits subject payment processes to independent professional scrutiny, ensuring that payments reflect actual work executed and contractual entitlements.

In public sector projects, where financial accountability is of paramount importance, contract audits serve as a safeguard against waste and misuse of public funds. Evidence from recent infrastructure projects in developing economies suggests that post contract audits frequently uncover valuation errors and unsupported claims amounting to substantial proportions of contract sums (World Bank, 2023). The recovery or avoidance of such losses directly enhances project financial performance and demonstrates the tangible value of contract auditing.

Another critical contribution of project contract audits is their role in strengthening transparency and accountability. Transparent financial processes foster trust among project stakeholders and reduce the likelihood of disputes. Contract audits achieve this by providing clear, evidence-based assessments of financial transactions and contractual compliance. For Quantity Surveyors, transparent audit reporting reinforces professional credibility and supports informed decision making by clients and funders.

Improved transparency also has broader institutional implications. In environments where construction projects are subject to public scrutiny, contract audits contribute to strengthening governance frameworks and enhancing public confidence in infrastructure delivery. This aligns with global calls for improved accountability in public investment management (World Bank, 2023).

Project contract audits further enhance financial management efficiency by reducing disputes and claims related conflicts. Many construction disputes arise from disagreements over valuations, variations, and final accounts. By independently verifying contractual entitlements and financial calculations, contract audits help clarify contentious issues and promote early resolution. In some cases, audit findings form the basis for negotiated settlements, avoiding costly and time-consuming litigation or arbitration.

Recent professional literature highlights that projects with robust contract audit mechanisms experience lower incidence of prolonged disputes and improved working relationships among stakeholders (RICS, 2023). For Quantity Surveyors, this dispute prevention function reinforces the profession's role in promoting collaborative and efficient project delivery.

The contribution of project contract audits extends beyond individual projects to influence organisational learning and continuous improvement. Audit findings often reveal systemic

weaknesses in contract administration, documentation practices, and financial controls. By analysing these patterns, organisations can implement process improvements that enhance financial management efficiency across future projects. Quantity Surveyors play a critical role in translating audit insights into practical improvements in cost management systems and procedures.

Digitalisation has further amplified the efficiency gains associated with contract auditing. The integration of digital tools enables more efficient data analysis, faster identification of anomalies, and improved audit reporting. Studies indicate that digitally enabled audits reduce processing time and enhance the accuracy of financial assessments (Olawumi & Chan, 2023). Upskilling Quantity Surveyors in digital auditing tools therefore contributes directly to improved financial management efficiency.

From a strategic perspective, project contract audits support value for money assessment, which is a central objective of financial management in construction. Value for money encompasses not only cost minimisation but also the achievement of desired quality, functionality, and lifecycle performance. Contract audits help ensure that financial decisions align with contractual objectives and project outcomes, reinforcing the strategic role of the Quantity Surveyor as a value manager.

In the context of building, engineering, and infrastructure developments in developing economies, the efficiency gains associated with contract audits are particularly significant. Limited financial resources, competing development priorities, and heightened public expectations necessitate rigorous financial oversight. By enhancing cost control, transparency, and accountability, project contract audits contribute to more sustainable and effective infrastructure delivery.

In summary, project contract audits play a multifaceted role in enhancing financial management efficiency. Through improved cost certainty, reduced financial leakages, strengthened transparency, dispute reduction, organisational learning, and value for money assurance, contract audits translate professional Quantity Surveying expertise into tangible project and institutional benefits. These contributions underscore the importance of integrating contract auditing into mainstream Quantity Surveying practice as part of the broader agenda of upskilling efficiency in financial management.

7. Implications for Upskilling Quantity Surveyors in Project Contract Auditing

The evolving complexity of construction projects and the increasing emphasis on financial accountability have significant implications for the skills, competencies, and professional orientation of Quantity Surveyors. Project contract auditing, as demonstrated in the preceding chapters, is no longer a peripheral activity but a critical function that enhances financial management efficiency in building, engineering, and infrastructure developments. Consequently, there is a pressing need to strategically upskill Quantity Surveyors to effectively discharge this responsibility and remain relevant in an increasingly demanding professional environment.

One of the most important implications for upskilling relates to advanced contractual knowledge and interpretation skills. Modern construction contracts are increasingly sophisticated, incorporating complex risk allocation mechanisms, performance-based payment systems, and dispute resolution frameworks. Quantity Surveyors engaged in contract auditing must possess a deep understanding of various standard forms of contract, including FIDIC, NEC, and bespoke contractual arrangements. This knowledge must extend beyond familiarity with clauses to include the practical application and interpretation of contractual provisions in real world scenarios.

Recent professional discourse emphasises that misinterpretation of contract clauses remains a significant contributor to financial disputes and audit failures (RICS, 2023). Upskilling initiatives should therefore prioritise advanced training in contract law, contractual risk management, and the practical implications of contract conditions on valuation, variations, and claims. For Quantity Surveyors, enhanced contractual competence strengthens their authority and effectiveness as contract auditors.

Another critical area for upskilling is forensic cost analysis and audit methodology. While traditional Quantity Surveying education focuses on cost planning and measurement, contract auditing requires additional competencies in audit planning, evidence evaluation, and analytical reasoning. Quantity Surveyors must be equipped to systematically examine financial records, identify inconsistencies, and draw defensible conclusions based on verifiable evidence.

Forensic cost skills are particularly important in projects affected by disputes, claims, or allegations of financial impropriety. In such contexts, Quantity Surveyors are increasingly called upon to provide independent expert opinions or support alternative dispute resolution

processes. Developing these competencies enhances professional versatility and expands career pathways within the construction industry.

The growing role of digitalisation in construction financial management presents further implications for upskilling. Digital tools such as electronic document management systems, cost databases, and data analytics platforms are transforming how contract audits are conducted. Quantity Surveyors must therefore develop digital literacy skills that enable them to efficiently manage and analyse large volumes of project data.

Recent studies indicate that digitally competent professionals deliver audits more efficiently and with greater accuracy than those relying solely on manual processes (Olawumi & Chan, 2023). Upskilling in digital tools also supports compliance with emerging industry standards and positions Quantity Surveyors as leaders in innovation driven financial management.

Professional ethics and independence represent another critical dimension of upskilling. Contract auditing often places Quantity Surveyors in situations involving competing stakeholder interests and significant financial implications. Maintaining objectivity, integrity, and professional independence is essential to the credibility of audit outcomes. Professional bodies such as RICS and NIQS emphasise ethical conduct as a cornerstone of professional practice, particularly in audit and assurance roles (RICS, 2022; NIQS, 2023).

Upskilling programmes should therefore integrate ethical training that reinforces professional responsibility, conflict of interest management, and accountability. Strengthening ethical awareness not only protects individual practitioners but also enhances public trust in the Quantity Surveying profession.

Institutional and organisational support also play a crucial role in upskilling Quantity Surveyors. Employers, professional bodies, and academic institutions must collaborate to create structured learning pathways that integrate contract auditing into continuing professional development frameworks. This includes workshops, certification programmes, and practical training modules focused on contract auditing and financial governance.

In the Nigerian context, strengthening the capacity of Quantity Surveyors in contract auditing has broader developmental implications. Public infrastructure projects represent significant national investments, and improving financial oversight can contribute to more efficient utilisation of limited resources. By equipping Quantity Surveyors with advanced audit

competencies, professional bodies can enhance the profession's contribution to national development objectives.

Furthermore, upskilling in contract auditing enhances the strategic positioning of Quantity Surveyors within multidisciplinary project teams. As clients and funders increasingly demand greater financial transparency and accountability, Quantity Surveyors with audit expertise are better positioned to influence decision making and deliver added value. This strategic relevance reinforces the profession's sustainability and adaptability in a rapidly changing construction environment.

In summary, the implications for upskilling Quantity Surveyors in project contract auditing are far reaching. Enhanced contractual knowledge, forensic cost skills, digital competence, ethical awareness, and institutional support are essential to equipping Quantity Surveyors for expanded audit roles. Investing in these competencies will enable Quantity Surveyors to effectively contribute to improved financial management efficiency and uphold professional standards in building, engineering, and infrastructure developments.

8. Conclusion

The increasing complexity, scale, and financial exposure associated with building, engineering, and infrastructure developments have intensified the need for stronger financial governance mechanisms within the construction industry. This paper has examined project contract auditing as a critical professional tool for enhancing financial management efficiency and ensuring value for money, particularly within the context of the Quantity Surveying profession.

The study established that project contract auditing goes beyond traditional financial audits by focusing on contractual compliance, valuation accuracy, variation management, claims assessment, and final account integrity. Through a comprehensive review of recent literature and practice-based insights, the paper demonstrated that weaknesses in contract administration, documentation, and financial oversight remain major contributors to cost overruns, disputes, and inefficiencies in construction projects globally, with heightened severity in developing economies.

The analysis further highlighted the central role of the Quantity Surveyor in conducting effective project contract audits. As professionals trained in measurement, valuation, cost control, and contract administration, Quantity Surveyors possess the core competencies required to lead audit processes and deliver credible financial assurance. The paper showed

that when contract audits are professionally planned, risk based, and ethically executed, they contribute significantly to improved cost certainty, reduced financial leakages, enhanced transparency, and dispute minimisation.

Best practices discussed in this paper including strategic audit planning, rigorous documentation review, valuation verification, professional assessment of variations and claims, adoption of digital tools, and ethical independence demonstrate that contract auditing is not merely a corrective exercise but a proactive governance mechanism. When embedded within project delivery systems, contract audits enhance organisational learning and strengthen financial discipline across project portfolios.

The paper also identified key challenges constraining the effectiveness of project contract audits, such as inadequate documentation, stakeholder resistance, limited specialist skills, institutional weaknesses, and ethical pressures. These challenges underscore the urgent need for targeted professional upskilling and systemic reforms to support effective contract auditing practices.

Ultimately, this paper concludes that project contract auditing represents a strategic pathway for upskilling Quantity Surveyors' efficiency in financial management, in direct alignment with the QS Assembly theme. By embracing contract auditing as a core professional function, Quantity Surveyors can reinforce their relevance, enhance their contribution to project success, and support sustainable development outcomes in building, engineering, and infrastructure projects.

9. Recommendations

Based on the findings and discussions presented in this paper, the following recommendations are proposed to strengthen project contract auditing practice and enhance Quantity Surveyors' efficiency in financial management:

First, project contract auditing should be formally recognised and embedded as a core component of Quantity Surveying professional practice. Professional bodies such as the Nigerian Institute of Quantity Surveyors (NIQS) should develop dedicated practice guidance notes and frameworks that define the scope, methodology, and reporting standards for contract audits. This will promote consistency, credibility, and wider adoption of contract auditing services.

Second, targeted upskilling programmes should be developed to enhance Quantity Surveyors' competencies in contract auditing. These programmes should focus on advanced contract interpretation, forensic cost analysis, audit planning methodologies, and evidence-based reporting. Incorporating contract auditing modules into continuing professional development (CPD) requirements will ensure sustained capacity building across the profession.

Third, academic institutions offering Quantity Surveying programmes should strengthen curriculum content related to contract auditing, financial governance, and professional ethics. Integrating practical case studies and audit simulations into undergraduate and postgraduate training will better prepare future Quantity Surveyors for expanded professional roles in audit and assurance services.

Fourth, Quantity Surveyors should be encouraged to adopt digital tools and technologies in contract auditing. Professional bodies and employers should facilitate training in electronic document management systems, cost databases, and data analytics platforms to enhance audit efficiency, accuracy, and transparency. Digital competence should be treated as a strategic skill rather than an optional enhancement.

Fifth, public and private sector clients should institutionalise periodic project contract audits as part of project governance frameworks. Introducing contract audits at defined project milestones such as major variations, interim financial reviews, and final account stages will strengthen financial oversight and reduce the likelihood of disputes and cost overruns.

Sixth, stronger emphasis should be placed on ethical conduct and professional independence in contract auditing. Quantity Surveyors engaged in audit roles must adhere strictly to professional codes of ethics, maintain objectivity, and resist undue influence from project stakeholders. Professional bodies should enforce ethical standards through monitoring, guidance, and disciplinary mechanisms where necessary.

Finally, further empirical research is recommended to evaluate the quantitative impact of project contract audits on cost performance and project outcomes across different construction sectors. Such research will provide additional evidence to support policy development, professional practice reforms, and broader adoption of contract auditing in the construction industry.

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