



**PROJECT:** Route 71 State Highway

**CLIENT:** Missouri Highway & Transportation Commission

**LOCATION:** Barton County, Missouri

The Missouri Highway and Transportation Commission contracted with United Construction for the improvement of approximately 6 miles of Route 71 in Barton County, Missouri. The project included grading, culverts, bridges, highway signing, and two concrete pavements each 24 foot wide on an existing state road. The contract price, based upon unit prices submitted by United Construction in its itemized bid proposal, totalled \$4.1 million.

United Construction filed a claim for adjustment of contract price of \$472,000 plus interest at 6 percent per annum. The claim consisted of three items:

1. Alleged error in plans and specifications which required United to excavate and haul borrow material not anticipated in their bid.
2. Delay related costs from alleged plan errors which extended the job by eleven months. This required continued administration of the project and additional general and administrative expenses.
3. Acceleration costs caused by denial of a time extension which included overtime, wages, rental of additional equipment, and other associated costs.

CCL was retained to audit the records of United Construction and provide opinions regarding the documentation and financial records presented by United Construction in support of their claim. CCL assisted the Missouri Highway and Transportation in identifying necessary financial records and project documentation and assisted in the preparation of Requests to Produce and in Discovery and review of United's records.

To facilitate the audit of force account portions of the claim it was necessary to prepare a computer data base containing information from both the daily force account

reports and the daily data extracted from equipment and operating records and payroll records. Weekly printouts were provided summarizing costs accumulated on the project.

A review of the listings provided from the data base indicated discrepancies between data sources. Discrepancies of hours reported on the daily time tickets and the hours included on the force account report were identified. The second type of discrepancy consisted of instances where there was a conflict within the force account data and the operator and equipment hours charged to the project. A third discrepancy indicated in some instances overtime hours were charged to the project at times when less than 8 hours of regular time had been charged that day. The use of a data base allowed computer sorts by operator and by equipment number which enabled comparisons of force account work, bid equipment rates, blue book rental rates, and actual equipment costs. As a result of CCL's analysis it was determined that the extra costs claimed by the contractor were overstated.

CCL also provided opinions regarding the appropriate amount of General and Administrative costs which should be included in a claim for Extended and Unabsorbed Home Office Overhead should it be determined that the Missouri Highway and Transportation Commission was liable for the eleven month project delay. Based upon CCL's audit it was recommended that should the Department be found totally liable, the amount of appropriate General Administrative costs to be included in the claim was less than 25 percent of that actually claimed. A line item evaluation of the contractor's financial statements was prepared to support CCL's findings.

CCL prepared a report with analysis of the claim and presented it to the Missouri Highway and Transportation Commission.